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THE BACKGROUND OF OUR WAR FINANCE: A RIP VAN WINKLE SURVEY

TWENTY-FIVE years ago, an orthodox economist, wearied by his exertions in the federal Treasury during the World War of his day, retired to the Catskills to play tenpins with the little men of the mountain. Last week he reappeared with a long white beard and a mind innocent of all knowledge of recent events and of John Maynard Keynes. His infant son, he learns, has become a man and is off to a new World War. His daughter is pointed out to him—a mature housewife, sitting in the dooryard, her lap full of ration books, busily counting her points for canned goods and fats. Her husband, sitting beside her, is ruefully regarding the contents of his pay envelope, calculating the personal impact of the new twenty per cent withholding tax. At the tavern he discovers his former boon companion, the innkeeper, in his usual semi-comatose state. But, strangely enough, there is no tankard in his hand! Certain documents lying before him show that he has lapsed into lethargy while engaged in preparing his "declaration of estimated income" for the current year, now scarcely half-gone. He has been reading the "Current Tax Payment Act of 1943". His finger points to the words of section 5 which strikes out sections 58, 59 and 60 of the Revenue Code and inserts in lieu thereof a new section 58 which, in turn, directs him, "under the penalties of perjury" and before September 15, to state "the amount which he estimates as the amount of the tax under this chapter for the taxable year, with-

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out regard to any credits under sections 32, 35 and 466(e)". In a vain search to locate sections 32, 35 and 466(e), his eyes have become glazed. He is a groggy and defeated man.

Picking up a discarded copy of *The New York Times,* the returned wanderer recognizes one old landmark—the perennial editorial advocating a federal sales tax. He reads a news dispatch under a Washington date line which says that the members of the Ways and Means Committee have agreed unanimously to begin the consideration of a new revenue bill September 8. The President, it appears, has asked for the startling sum of $16 billion of additional revenue for the fiscal year 1944, but the Secretary of the Treasury has indicated that he will settle for $12 billion. With Congress in a black and cantankerous mood, the chances seem to be excellent that he will get practically nothing at all. Compulsory lending, an excess profits tax on individuals and a spendings tax are mentioned as possible devices for abstracting "inflationary money" from the economy. He encounters terms that are strange and new to him such as a "roll-back" of prices, "carry-back" of losses and a "push-back" of excess profits tax credits. There is much talk of "the inflationary gap", "the immobilization of purchasing power", "compensatory spending" and "functional finance". He finds it all rather confusing.

Suppose, in his bewildered state, this modern Rip Van Winkle searches out an old professional colleague and asks to be brought down to date. He is, of course, more interested in the background than in the immediate foreground, more interested in ideas than in statistics, more interested in attitudes and approaches than in detailed programs and proposals. He is eager to learn about the general atmosphere in which the financial plan for this new war is evolving and how it compares with that of the earlier war. He inquires especially regarding progress in economic thought and analysis during the period of his absence and regarding the repercussions of such progress upon the theory and practice of public finance. What strategy of war finance is emerging from this background? If such topics were discussed, would the conversation between the two

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men be of interest to others than themselves? On the chance that it might be, the following pages are written.

The world has been at war again for four full years. Although this country became an active belligerent less than two years ago, our economy and our public fisc have been heavily influenced by the war from the day of its outbreak in 1939. Mobilization of manpower and of armament production was under way long before Pearl Harbor. Reports indicate the task of training and equipping our fighting forces has been well done. In spite of difficulties and setbacks, the production record for ships, munitions and military supplies has been good. The war itself is going well. The enemy's efforts have not sufficed to deny us the opportunity to arm ourselves and the pressure of our mounting power is beginning to be felt in the various theaters of operations. The final issue seems to be no longer in serious doubt although the duration of the period of hostilities is still highly uncertain. Military victory seems to be assured, but unfortunately failure to reach the desired financial objectives seems at this moment to be almost equally assured.

To a veteran of the economic and fiscal struggles of the first World War the general atmosphere in which the financial plan of the present war is evolving seems much more heavily charged with strife and controversy. This war was preceded by a great business depression which not only had serious direct effects upon the federal finances but which also left behind a grave and fundamental issue which is proving to be highly disturbing. This issue concerns the future rôle of government in the economic life of the nation. What degree of collective unified control is desirable or necessary in the interest of full employment of economic resources? On this issue the differences of opinion are wide and deep. For the immediate present the war itself, of course, supplies an objective which, all agree, requires a high degree of unified action and of directed mobilization. But there is no agreement regarding the future. Consequently, as we deal with the immediate problems of the war, strong feelings on the overhanging issue pro-

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duce a constant play of lightning flashes on the horizon. Because of this issue and for various other reasons, there exists in business and financial circles a disturbing distrust of the motives and policies of the political party in power. This suspicion and distrust tend to color and distort the consideration of every financial proposal of the Administration. Moreover, within the ranks of labor, internal dissension between rival national organizations complicates the general situation and tends to intensify the chronic struggle of the workers to increase their share of the national product. Again, the agricultural interest, always powerful politically, is more effectively organized than ever before and is by no means modest in urging its demands. Altogether the various divisions of interest and opinion are so serious that it is proving to be substantially more difficult than during World War I for the Congress to function efficiently in the formulation of a program of war finance.

In some respects, on the other hand, we would seem to be in a distinctly better position than last time to make a good job of our war financing. The technical competence of the community to analyze and to deal intelligently with such a problem has substantially improved. This time war is no novelty to our business leaders. This time the community in general is more familiar with the economic implications of war and is better equipped to consider the financial issues. Trained economists, inside and outside the public service, are available in larger numbers. Of late they have devoted more attention to the analysis of the economics of war. Recent advances in economic theory and method offer promising aids in analyzing the financial issues and in preparing appropriate programs of fiscal policy. These statements will be elaborated in the paragraphs that follow.

For the first time in the history of our country we have had two major wars within the active life-period of a generation. The mature business man of today remembers World War I and has a much better appreciation of the practical implications of a great war than the mature business man of twenty-five

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years ago. The men at the helm in American business today understand the peculiar perils of the war contract. They decline to count heavily on the value of expanded specialized plants and are chary of heavy inventories. They recognize the necessity for wartime controls. They are acquainted with the vagaries of demand under war and post-war conditions. They know the consequence of violent fluctuations in raw material prices. They are acquainted with war taxes. This familiarity, born of bitter experience, should affect both war and post-war attitudes and behavior in a favorable fashion. It probably accounts, in part at least, for the general good temper with which business has accepted its war burdens, including the irritating renegotiation of contracts. It may be of some significance in explaining the comparatively small volume of complaint regarding excess profits taxes, although the liberality of the relief provisions of the Revenue Act of 1942 is probably sufficient to account for most of this phenomenon. In the case of others than business men, memories of the previous war are helpful. The mature housewife today remembers the twenty-five cent sugar of the first World War and, as a consequence, accepts rationing with better grace. The mature farmer today remembers the speculation in agricultural land and its post-war aftermath, and the labor leader remembers the increase in the cost of living. To the extent that it be true that each generation must learn for itself from experience, this generation would appear to be in a particularly favorable position to make a good record in its war finance.

If the community is better acquainted with the repercussions of war through personal contact with World War I, it is also better acquainted with economics. The jibe of twenty-five years ago that we are a nation of economic illiterates now carries less of a sting of truth. Today we may not be more wise, but we are certainly more intensively instructed! Economics has assumed an increasingly prominent place in the curricula of our rapidly expanding colleges, and a large proportion of our youth is at least exposed to systematic instruction in the subject. Economic books and periodicals were never so

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numerous and so widely read. Today professional economists are numbered by the thousands as compared with the few hundreds of the earlier period. Labor unions, farmers' organizations, trade associations, financial institutions, and industrial and commercial concerns now frequently include trained economists as regular members of their staffs. Large numbers have entered government service. In present-day Washington doctors of philosophy (or reasonable approximations thereof) are as numerous as raisins in a fruit cake. When T. S. Adams went to the Treasury upon our entry into World War I, he found that the only person on the permanent staff who qualified as a tax "expert" was a veteran of the Civil War, housed in a cave-like basement room, who, with the aid of an abacus, was prepared, at the behest of the Congressional committees, to estimate with speed and precision the revenue effects of changes in the rates of the excises on liquor and tobacco.[1]

Today the federal Treasury has more well-trained specialists in public finance on its full-time staff than existed in the entire country twenty-five years ago. Moreover, numerous other agencies, including the Bureau of the Budget, the Federal Reserve Board, the Social Security Board, the Department of Commerce and the Congressional committees, all feel it necessary and appropriate that they provide themselves with professional staffs of economists competent to analyze problems of public finance. The limitations of an incompetent and untrained civil service are certainly much less serious than they were during World War I.

Not only is knowledge of economics more widespread and more readily available, but the quality of the economics has improved. The general level of the treatment and discussion,

[1] It may be a matter of some slight historical interest to note that when Dr. Adams invited David Friday and the writer to join him in the Treasury to assist with the preparation of the proposals for the Revenue Act of 1918, he delicately suggested that, because of possible antagonism from the Committee on Ways and Means, lack of prominence, even obscurity, was a necessary qualification of the appointees. In addition, the positions were misleadingly labeled "Excess Profits Tax Examiners"!

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both professional and popular, is distinctly higher. This is clearly noticeable in the contemporary literature on war economics and war finance. It is, for example, an illuminating experience to resurrect such a document as the "Report of the Committee on War Finance of the American Economic Association", submitted at the close of World War I, and compare it with the various treatises on war finance that are making their appearance currently.[2] The improvement in the analysis is striking and the high degree of agreement on fundamentals among the present-day writers is distinctly encouraging.[3]

Our modern Rip Van Winkle may press his friend for a comparison of the "state of the art" of public finance today with that of twenty-five years ago. Is the student of public finance in a better position to assist in the formulation of public policy than before? He will be particularly eager to learn whether there have been significant developments in the systematic explanation of economic behavior, in the body of general economic principles or theory—developments which render obsolete the orthodox treatises of his generation; for the character and quality of the analyses and conclusions of the student of public finance are to a very large extent predetermined for him by the general body of economic doctrine that has won acceptance. While public finance is not all economics (a fact which is oftimes overlooked), it is, in some of its most important areas, essentially an elaboration and application of general economic theory. In such areas public finance can advance only as the understanding of economic phenomena in general advances.

Should he press for such a comparison, he would be told that, while the period under consideration has been one of great ferment and of much activity in new directions, there has as yet

[2] E. g., W. L. Crum, J. F. Fennelly and L. H. Seltzer, *Fiscal Planning for Total War* (New York, 1942), and William Fellner, *A Treatise on War Inflation* (Berkeley, 1942). The "Report" appeared as Supplement No. 2 of the *American Economic Review*, March 1919, vol. IX, No. 1.

[3] No small part of the credit for the improvement in the analysis of the economy under war conditions is due to the influence during the past decade of the refugee scholars from European countries where the problems of a controlled and directed economic system have been intensively studied.

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emerged no general agreement as to the value and significance of the results. There are those who seem to consider all the economic analysis published before 1930 to be as obsolete and valueless as pre-Copernican astronomy. On the other hand, there are others who yield no praise to Keynes or Hansen, except as formulators of interesting but unproved hypotheses, and who regard the mathematical economists and the analysts of imperfect competition as mere exhibitionists in the intellectual gymnasium. However, even though the friend be unprepared to attempt a definitive appraisal of the recent contributions to economic thought, he may be able to offer a few observations which will aid toward understanding the state of mind of the student of public finance today and the spirit and method of his approach to the financial problems of the present war.

It may be observed, in the first place, that recent work in the theory of imperfect competition has focused attention upon a dark area in the field of price determination. This work has stimulated an expansion in the analysis of the shifting and incidence of taxation. The traditional treatment of shifting and incidence had indeed already been under heavy attack for some time on the ground that it defined its task too narrowly, when it restricted itself to an analysis of the immediate, mechanical transfers between the payers and bearers of taxes and ignored in large part the more remote and indirect repercussions and effects upon incentives and behavior.[4] Now the demand develops that the traditional treatment, which in the past has confined itself to a consideration of shifting under conditions of pure competition and pure monopoly, be expanded to include an examination of shifting under various assumptions regarding the purity of the competition present in the situation.[5]

Moreover, the mathematical economists have busied themselves with the development of tools of analysis which hold promise of usefulness in dealing with the problems of incidence

[4] E. g., Duncan Black, *The Incidence of Income Taxes* (London, 1939).

[5] J. F. Due, *The Theory of the Incidence of Sales Taxation* (New York, 1942), and Otto von Mering, *The Shifting and Incidence of Taxation* (Philadelphia, 1942).

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in their new and more complicated formulations.[6] In general a new spirit of healthy skepticism and inquiry has developed in this area. Pronouncements on shifting and incidence are tending to become less dogmatic in tone than was characteristic of twenty-five years ago but they are coming to be more worthy of confidence. Pathetically little is definitely known as yet as to what actually happens when we impose a tax, but it begins to look as though we may presently be in a position to learn something of value. In the meantime, the typical attitude is appropriately one of humility and diffidence.

Again, in the field of progressive taxation have developments in general economic theory invited a critical reëxamination of the orthodox justifications. Recent writers[7] have pointed out the shortcomings of the various types of subjective sacrifice theories as foundations for the contention that equity in taxation required graduation of rates and have sought to establish foundations for the practice more in harmony with present-day economic analysis. However, with one single exception[8] so far as the writer is aware, it has not been progression, but rather the older justifications for progression that have been the subject of criticism and revision.

Another observation that should be emphasized is the development of national income measurement and analysis. It is indeed difficult to realize that it was not until after the close of the first World War that serious, systematic efforts were made to compute the magnitude of the national income of the United States and to analyze it into its significant components and shares. Starting with the pioneer efforts of W. I. King, the National Bureau of Economic Research pushed these studies to a point where their wide usefulness justified their sponsorship by official government agencies. They bid fair to bring about a radical reorientation in the teaching and study of economics in general. Nothing is more impressive, as one com-

[6] E. g., Harold Hotelling, in "The General Welfare in Relation to Problems of Taxation", *Econometrica*, vol. 6, 1938, pp. 242-269, and other articles.

[7] Notably Elmer D. Fagan and M. Slade Kendrick.

[8] *Cf.* Harley L. Lutz, "Those Who Eat the Seed May Yet Want for Bread—An Indictment of Progressive Taxation", *The New York Sun*, January 7, 1942.

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pares the discussions of war finance today with those of the first World War, than the dependence currently placed upon the quantitative estimates of the shares and components of the national income in formulating policy recommendations regarding the selection and use of fiscal methods such as the various types of taxes and loans. The "inflationary gap" as a "bogey" of fairly definite magnitude and potentialities is the legitimate offspring of these quantitative measurements of the national income. Elaborate special studies are beginning to appear, studies which supply a type of guidance for fiscal planning that was entirely unavailable in the previous war,[9] and the results are finding their way into the official memoranda and into popular discussion. In Great Britain this new national income technique has fairly revolutionized the approach to the budgetary problem and in recent years the Chancellor of the Exchequer has found it appropriate to accompany his budget with a "white paper" devoted to a statistical delineation of the "inflationary gap".

Most important of all in its effects upon the thinking and approach of present-day students of public finance has been the development of the theory that in fiscal policy—in formulas of public expenditures, revenues and loans—is to be found the solution of the problem of controlling the fluctuations of the business cycle. During the last ten years this thesis has occupied the very center of the stage and there is no indication that it is likely soon to yield that place to another. As the performance has developed, it called up, for critical reëxamination and reappraisal, practically every orthodox proposition in public finance. It is yet too soon to render a judgment regarding the scientific value of contributions of the actors, from John Maynard Keynes and his multiplier, through Clark, Hansen, Angell, and a throng of other writers, to Abba P. Lerner and his functional finance, but students of public finance are prepared at once to concede them the palm as disturbers of the

[9] *Cf.*, e. g. Carl Shoup, *Federal Finances in the Coming Decade* (New York, 1941), and Carl Shoup, Milton Friedman and Ruth Mack, *Taxing to Prevent Inflation* (New York, 1943).

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peace of quiet minds and as producers of mental pain and anguish.

The specialists in public finance were wary where not actively hostile and, as a group, were not particularly well prepared for the challenges of the fiscal policy theory. Whether, through over-specialization,[10] they had ceased to be competent as general economists; whether, through a cameralistic preoccupation with detailed technical and practical problems, their minds were unreceptive to novel and revolutionary ideas; whether their superior knowledge of the limitations of the techniques of taxation and public credit rendered them contemptuous of the proposals of the monetary theorists as naïve and impractical; whether they were shocked to hear the orthodox maxims of their discipline described as mere "magic charms",[11] when they had long accepted them as the distilled wisdom of the ages, valid through centuries of varying conditions; whether they were justifiably skeptical of the diagnosis of the disease and of the prescription of the "money doctors", or unimpressed by the importance of securing a remedy—whatever the explanation, the fact is that the fiscal policy thesis certainly found no hearty welcome awaiting it, particularly among the older men. "Behold!" they said in effect, "a lady from the Provinces... who doesn't think she waltzes but would rather like to try!"

In its early stages the development of this fiscal policy thesis moved slowly and the approach at first was distinctly diffident and hesitant. We were in the depths of the depression and it was desirable to do something to get the economic machinery into operation again. The questions from the monetary theorists begin.

Will anyone object if public improvements, which are to be made in any case and financed by public credit, are so timed and scheduled as to be most useful in relieving unemployment?

[10] At the time of the first World War, even at the largest universities there was no teacher, so far as the writer can recall, who was able to devote all of his entire attention to public finance.

[11] Abba P. Lerner, "Functional Finance and the Federal Debt", *Social Research*, February 1943, p. 51.

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No objection, even from the most orthodox.

If, in this land of potential plenty, no one should hunger, if to permit it would be to invite social unrest and perhaps violence, and if " relief " is therefore necessary, is it not desirable to postpone the definite and final allocation of the costs among taxpayers until the national income has risen once more to normal levels, rather than to diminish spending and discourage business recovery by heavy current taxation? Yes; this seems both reasonable and desirable.

Should not types of taxation be selected and certain types rejected, and should not certain tax bases be altered during a depression with an eye to their probable effects upon economic recovery? In the abstract, yes; but it is no simple matter to select the types of taxes and to shift from one type to another with the varying phases of the business cycle.

Is it not probable that the economic machine is merely stalled at a " dead center " and only needs to be cranked up? Would not the pump deliver a full stream once more if only a cup of water were poured in to seal the plunger? It is certainly possible and perhaps probable, and pump priming seems to be worth trying if you do not require too large a cup.

In view of the magical manner in which an infusion of purchasing power may be expected to multiply itself as it works its way through the economy, is it not sound sense to inject properly calculated amounts of purchasing power, recouping the cost from the augmented product? Perhaps; if the magic can be shown to be as potent as is alleged, and if one can be certain of the recoupment, the suggestion seems to " parse ".

Is there any good and necessary reason for balancing the budget at the end of each solar year, provided sufficient surplus is accumulated during prosperous times to achieve a cyclical balance? Probably not, if the idea is sufficiently explained and understood so that fears are not aroused.

If the results of pump priming are disappointing, does it not suggest that our economy is " mature " and that the private sector can no longer properly absorb savings? Shall we not

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seek to maintain a high level of productivity by varying the volume of public borrowing and expenditure so as to "compensate", liquidating the resulting public debt from the increased national product? Or do we need to worry about liquidation?

At this point, if not before, most students of public finance had begun to wonder whether they were being led along the road to salvation or the road to ruin.

At last all diffidence and hesitancy disappear, and certain of the implications of the control of the business cycle through fiscal policy burst into full bloom under the rubric of "functional finance".[12] To maintain prosperity, says Lerner, is society's most important task (ignoring the war). Fiscal policy—namely, government spending and taxing, borrowing and repayment, issue and withdrawal of money—shall be determined "with an eye only to the results . . . on the economy." The government should "keep the total rate of spending in the country on goods and services neither greater nor less than that rate which at current prices will buy all the goods that it is possible to produce." It "should borrow money only if it is desirable that the public should have less money and more bonds" and "should lend money (or repay some of its debt) only if it is desirable to increase the money or to reduce the quantity of the government bonds in the hands of the public." "Taxation should . . . be imposed only when it is desirable that the taxpayers should have less money to spend." "The absolute size of the national debt does not matter at all." We should not try to balance the budget. We should give up "our preconceptions of what is sound."

Here is yeast sufficient to leaven a very large lump of discussion. Already the leaven is at work.[13]

This is not the occasion upon which to attempt a critique of functional finance. Suffice it to say that the reader of Lerner's pages is torn between admiration for its clear and bold logic,

[12] Lerner, *op. cit.*, pp. 38-51.

[13] *Cf.* the announced volume by H. G. Moulton, *The New Philosophy of Public Debt* (Washington, 1943). The topic is treated also by B. U. Ratchford, "The Burden of a Domestic Debt", *American Economic Review*, September 1942, pp. 451-467.

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and astonishment at the assumptions it considers reasonable and the factors it considers insignificant. Our interest here is primarily to give Rip Van Winkle some notion of what is going on in the minds of the economists in this particular year of grace.

The plain fact is, of course, that the field of public finance in this country, whatever it may have been, is today no longer a private reserve for "tax specialists" and "experts". The unfortunate division between students of monetary theory, "money and banking", and private credit, on the one hand, and public finance, on the other, is disappearing. The character of the new public finance that will emerge must await further developments, but its main outlines will doubtless be determined largely by the appraisal which is placed by the community upon this suggested new objective of business-cycle control. This appraisal, as has been pointed out above, is already a political issue. During the late depression it became apparent that the community was willing to approve the objective to a limited extent. Predictions are being freely made that, if there is a serious slump in the period following the war, it will be fully accepted. In any case, if it is accepted in any material degree, those responsible for the formulation of public policy in the years which lie ahead will look for counsel, not to tax experts or money doctors, but to economists who, let us hope, will be competent in both fields.

These observations, unsystematic and fragmentary though they are, may throw some light upon the question as to the present "state of the art" of public finance. The mental furniture of the economist who deals with financial problems may not have been replaced by the developments since the first World War, but it has been much shifted about and rearranged, and a wide door has been cut through the wall to the adjoining apartment.

The character of the general strategy of war finance that should be adopted upon the present occasion is agreed upon by all kinds of economists with a remarkable degree of unanimity, although the reasons which underlie the prescription doubtless vary considerably from individual to individual or from group to group. However, whether the orthodox student of public

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finance approaches the problem primarily from the point of view of the equitable distribution of sacrifice or whether the monetary theorist approaches it primarily from the point of view of cycle analysis, the result is the same. The prevention of inflation emerges as the primary objective. The monetary theorist turns from the attempt to cure a depression by the use of fiscal methods to the task of preventing a war boom by the use of fiscal methods. The orthodox student of public finance (however remiss he may have been in supplying detailed blueprints of its pattern of distributing benefits and sacrifices) regards a radical price inflation as a form of taxation that no rational person can condone, and concerns himself with trying to persuade his fellow citizens to accept sufficient taxation or appropriate credit instruments to insure that the inevitable sacrifices of the war shall not be apportioned by the blind and blundering forces of a general rise in prices. In the important task of deciding what amount of taxation and non-inflationary borrowing is "sufficient", valuable aid is being given by the monetary theorists.

The resulting estimates of necessary taxation, even on the basis of liberal allowances for voluntary immobilization of purchasing power and for non-inflationary voluntary borrowing, are very large, very substantially in excess of what the Administration has dared to ask from the Congress and, of course, much more in excess of what the Congress has shown any disposition to impose. The Administration may be wise in a political sense in declining "to kick against the pricks" of a general public sentiment unprepared to rise to the challenge of an inflationless war. But divided responsibility among those in charge of policy formulation and failure to grasp the importance of the issue have played their part. This time there has been no lack of good counsel; but those closest to the situation appear almost ready to concede defeat. In a personal letter to the writer, dated July 29, 1943, one of our most competent economists writes: "Research activity in this respect [estimating total revenue requirements] seems to be paralyzed by a feeling that there would be no chance at all politically speaking of getting the amount such a research job would show was necessary and by the confusion created by the division of

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authority with respect to general policy making." Another leading economist, in making a study of probable post-war conditions, concludes that he is justified in assuming that nothing substantial will emerge from further efforts to divert or immobilize purchasing power by additional taxation. In the meantime, growing military successes are rapidly undermining the power of any appeal for sacrifice based on "total war", and an approaching national election stimulates the supply of political promises with great financial implications. Our "timing" has been bad. We have missed the boat!

Thus, judged by the "bogey" of the inflationary gap, the record promises to be poor. Judged also by the record of certain of our allies, notably Great Britain and Canada, the verdict is unfavorable. We bid fair in this World War to approximate more nearly the record of Italy, namely, less than thirty per cent of total expenditure covered by taxation, the smallest percentage of all the belligerent countries.[14]

Aside from its inadequacy, the tax record is not open to severe criticism. This war, however, has produced few novelties. A heavy excess profits tax, an invention of the last war, has been accepted as a matter of course. Increases in income taxation and some progress in strengthening the statute have been achieved. There have been increases in the selective excise taxes with a sensible emphasis upon those items (e. g., transport) for which it is desirable to restrict demand. Except for faint traces in the Victory Tax and in the refund provisions of the excess profits tax, nothing has yet been done in the direction of compulsory lending or forced saving. Truly the record that is being written of failure to rise to the challenge of war gives little grounds for assurance that our people are prepared to rise to the demands of functional finance.

However much the scholar may desire differently, most of the important improvements in the structure of the tax system seem to come about in this country in times of stress and crisis rather than in times of peace and plenty. It is difficult indeed to move our legislative bodies to action in reforming the tax system so long as the Treasury shows a comfortable surplus.

[14] *The Economist* (London), May 15, 1943, p. 622.

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Consequently it is pertinent to inquire what, if anything, is happening during these days that holds promise of progress toward improvements in the general tax structure or the solution of long-standing problems and difficulties.

In this area the bright spot, and almost the only bright spot, is furnished by the recent legislation extending the scope of the application of the income tax to lower income groups, introducing collection-at-source and making income tax payments "current". This legislation marks a substantial advance and its repercussions in the future will doubtless prove to be of considerable importance. However, the changes it brings about are essentially technical changes that should not have "raised the wind" of controversy. Similar adjustments have been accomplished elsewhere, notably in Canada, without even a ruffling of the surface of the water. The fact that with us they raised such a storm, a storm which left Congress and the country temporarily exhausted and unfit for duties more important for the success of the program of war finance, is an illustration of how expensive the general atmosphere of distrust and dissension is proving to be. A worthy result has been achieved at a grossly inflated cost. Local victories purchased at high cost may lose a war.

If Rip Van Winkle's chat with his old colleague had proceeded along the lines pursued above, and if after this rather general and wide-ranging conversation he found the news dispatches from Washington regarding tax developments more intelligible than before, it is possible that some of those who, through this article, have been persuaded to listen to the survey may likewise find themselves somewhat less bewildered and better prepared to consider the financial issues presently before us. Certainly unless these issues are approached with more understanding and with better spirit than have been evident thus far, the record of our war finance for World War II is unlikely to constitute a cheerful chapter in the history of these United States. And "a lost battle has a long tail."

ROBERT MURRAY HAIG

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THURMAN ARNOLD AND THE ANTITRUST LAWS

THURMAN ARNOLD first achieved a national reputation as the author of a paradoxically witty book, *The Folklore of Capitalism.* A chapter of this book, dealing with the antitrust laws, described them as a ceremonial which enables men to look at a centralized industrial organization and still believe that it is composed of individuals engaged in buying and selling in a free market. This ceremonial, according to Arnold, was "the answer of a society which unconsciously felt the need of great organizations, and at the same time had to deny them a place in the moral and logical ideology of the social structure." It was "part of the struggle of a creed of rugged individualism to adapt itself to what was becoming a highly organized society". The laws, "being a preaching device, naturally performed only the functions of preaching." By assisting in the pretense that large concerns were not being allowed to develop, these laws "became the greatest protection to uncontrolled business dictatorships"; indeed, "every scheme for direct control broke to pieces on the great protective rock of the antitrust laws." When regulation was demanded, the antitrust laws "formed an effective moral obstacle, since all the liberals would answer with a demand that the antitrust laws be enforced." *

When Thurman Arnold was appointed Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, his selection was widely regarded as a cynical recognition of the futility of antitrust enforcement. Senator Borah, as a champion of competition, cross-questioned him, before confirmation, on the theory that he believed the laws neither desirable nor practical and would make only a perfunctory effort to enforce them. Arnold replied that he sin-

* The opinions expressed in this article are those of the author and do not necessarily reflect those of the Department of Justice.

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cerely believed in the philosophy of the antitrust laws and that they could be enforced. He characterized as a misinterpretation the view that his book described the antitrust laws as silly. He added: "Suppose that I would write a book on the pathology of teeth—the cavities, the decay, the various ills that happen to teeth—and then, suppose my critics would say, 'This man is attacking teeth—he does not show up this beautiful characteristic, he does not say much about the good that the teeth do, and he offers us no substitute.'"

Five years later, when Arnold accepted a place as Associate Justice in the United States Court of Appeals for the District of Columbia, he had instituted 44 per cent of all the proceedings under the antitrust laws which had been undertaken by the Department of Justice during the fifty-three years of the Sherman Act. The Antitrust Division's appropriation, which was about $473,000 in the fiscal year 1938, had risen to $1,800,000 for the fiscal year 1943, and the Division's personnel had grown from 111 to 496.[1] Arnold had become the symbol of vigorous and effective enforcement of the laws. He was urged not to resign in letters from citizens throughout the nation, in gossip columns, and in personal interviews by members of both parties in both houses of Congress.

Arnold regarded his task in the Antitrust Division as the use of the tradition of free enterprise—the "folklore" of the antitrust laws—to further the practical work of industrial organization in producing and distributing goods. The fullest exposition of his point of view appears in a speech on government which he made during his first year in office. He described government as the art of practical compromise.

> It consists in reconciling organizations which give people goods and services with the organizations expressing the spiritual values which give them unity and morale. Every organized state must have its established church, or as I have expressed it elsewhere, its folklore. That church must embody the fundamental truths

[1] The peak of growth was reached in 1942 — $2,325,000 and 583 persons. The subsequent decline expressed the loss of staff to the armed forces and the curtailment of funds and work incident to the war.

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and principles which give the state its greatness. At the same time that church must not impose ridiculous and unnecessary material sacrifices on the great mass of the people.... When the organizations representing the ideals of a culture, whether they be economic, legal or moral (and the three always merge together), so interfere with the practical distribution of material comforts that it becomes obvious this sacrifice is unnecessary, a spiritual or psychological conflict develops.... Practical necessities for the moment are lost in the paralyzing effect of reiterated phobias. The neurosis continues until practical organizations again distribute the goods which people need. If this end is not achieved, if nobody succeeds in making the practical organizations function, the church itself falls. . . .

Nevertheless, as a practical matter, we cannot escape talking as if nations had morals and group free will. Only in this way are people stirred to action.... I would be the last to attack that uniform of principle which gives to simple ordinary persons like myself, and my colleagues at Washington, and to the leaders of business with whom I come into both friendly and unfriendly contact, our prestige and power. . . . We must first make obeisance to the ideals, the mystery, the romance and magic which give our social organizations the flavor and character which we revere and then emerge from the church to the backyard where wood needs to be sawed.

What is the woodpile that the practical man in government is facing today? There are many names for it, but I prefer the phrase "unused capacity".... How are we going to saw that woodpile? To run our prospective plant at capacity, prices must be adjusted to income.... My hope is that the adjustment between prices and income may be made within the limits of our competitive ideal of free and independent producers, buyers, and sellers. Compromises are necessary in cases where modern industrial techniques require such vast organizations that they are in fact small governments within the Government, but no more of such compromises should be made than the hard, cold facts require.

Arnold's task was thus consciously conceived as one of identifying the antitrust laws with the powerful traditions of the national culture, yet finding ways of adjusting those traditions

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to the practical requirements of the operation of a modern business system, lest through a refusal to do so his established church should fail. The antitrust attack was to be focused upon business activities which were no necessary part of the modern business system and which hindered rather than helped its practical service to the community. At such points business might be expected to adapt itself to the culture rather than the culture to business.

Such a view of the antitrust laws required a revision of traditional slogans. Arnold hastened to disclaim any attack upon big business, efficient mass production, or orderly marketing. Thus he brushed aside the view that there is an inevitable conflict between the antitrust laws and the rise of modern technology or of large business organizations. He announced his intention to appraise business combinations by their results. He described antitrust prosecutions as a device to reduce the unemployment of men and equipment, the holding of new processes off the market, and the setting of prices above reasonable levels. At the same time he sought to hold the support of farmers and small business men, the traditional friends of the antitrust laws, by offering the laws as means to reduce the discrepancies in power between large and small business organizations, to preserve small enterprises, and to rescue the South and West from subservience to the industrial East. He was not concerned as to possible inconsistencies between his acceptance of big business and his rejection of hierarchies of power and of colonial status for the hinterland. Consistency was for the philosophers. For him the question was whether the traditional slogans were vital or lifeless in mobilizing the support of various groups among the American people against specific instances of restraint of trade.

From this point of view a prosecution is a device by which an issue is dramatized in order to affect the action of persons who are never brought to court. Arnold modified the traditional antitrust procedure in order to increase the effectiveness of the drama. At the outset of each new case or group of cases he issued formal public statements which explained the

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reason for his action and what he hoped to achieve. Even at the risk of alarming his quarry and facilitating its escape, he announced in advance the types of business activity which were to be prosecuted. To make violation of the law hazardous he usually proceeded by criminal indictment instead of civil suit. To enable his staff to cover more ground and to avoid the delays of trial, he encouraged the termination of cases by payment of fines without formal guilty pleas and by the acceptance of consent decrees designed to safeguard the public interest in the future. The habitual indictment of violators became evidence of a vigorous enforcement policy, while the termination of most cases by decree mollified those groups which resented the use of the criminal process against business men.

Arnold's chief discovery as to the practical wood-sawing aspects of his job was the art of massing antitrust proceedings into a program. His predecessors are known for isolated cases, of which even the most important stood alone. By contrast, Arnold developed objectives such as restoration of competition upon patented goods or increase of production in the building industry. So far as his resources permitted, he brought cases in groups designed to accomplish his broad purposes. There were, of course, proceedings which did not fit into such coördinated programs. In a case against the American Medical Association he established the principle that organized doctors may not use boycotts to defend one form of commercial arrangement for medical care against another. In a case charging that the large tobacco manufacturers had conspired to fix prices he won a conviction by massing circumstantial evidence without presenting direct proof of meetings and agreements. He instituted a suit against the Associated Press designed to open its membership to competitors of those who are already members. But such proceedings were overshadowed by a series of coördinated programs, each of which might involve from three or four to as many as fifty cases.

The scope of this summary does not permit a full account of these programs. Cases in the moving picture field were intended to strengthen the independent exhibitor against block

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booking, blind selling, and similar practices. Cases in the field of radio broadcasting were intended to liberate the local station from chain control over its choice of programs. Cases involving petroleum were designed to break the control exercised by major companies over the gasoline produced by independents, to eliminate the discriminatory advantage which the majors enjoyed through their control of pipe lines, and to provide a basis for a final suit for the reorganization of the major companies. Cases involving the so-called fair trade laws were intended to prevent distributors, particularly in the drug field, from forcing manufacturers and independent competitors into schemes of collusive price fixing under the pretext of conformity to state laws which authorize each manufacturer to fix and enforce resale prices upon his own branded products.

The first of the larger programs was designed to restrict the use of patents as a means of evading the antitrust laws. Arnold's interest in this matter, already evident in his book on *The Folklore of Capitalism,* was confirmed by patent investigations made by the Antitrust Division for the Temporary National Economic Committee. These investigations showed that patents were being used to set up "a kind of AAA in milk bottles" and in other types of glass containers, and to restrict the development of new enterprises in the glass bottle field. Arnold undertook a series of prosecutions intended to prevent the pooling of patents for restrictive purposes, the use of invalid patents as a cloak for ordinary restraints of trade, and the inclusion in patent licenses of restrictive provisions more extensive than those permissible under the patent laws. Proceedings were instituted against glass bottle manufacturers, makers of eye glasses, manufacturers of rock wool and of plaster board, manufacturers of computing gasoline pumps, and various other groups. Since previous court decisions had already sanctioned activities which involved substantial restraints upon trade beyond those apparently necessary to reward the inventor, Arnold supplemented his prosecutions by testimony before Congressional committees in support of bills designed to limit the patent privilege and safeguard the public interest in its exercise.

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In the development of the patent cases, Arnold's staff became interested in patents covering military optical instruments, synthetic rubber, magnesium, pharmaceutical products, dyestuffs, lighting equipment, and other commodities in the chemical, pharmaceutical, petroleum, electrical and non-ferrous metals fields. The production and prices of many of these products were found to be governed by private international treaties in which the world was divided into non-competing territories, provision was made for interchange of patents and processes among the dominant concerns to the exclusion of all others, and various steps were taken to prevent or limit the introduction of new products. In many of these cases the most important patents had originated in Germany, and German concerns had guided the development of the subsequent restraints upon trade. After the rise of the Nazis to power, the monopolistic aspirations of German business enterprises had typically been modified by the determination of the German government to handicap the growth of strategic industries outside Germany. The Antitrust Division's discovery of this situation coincided roughly with the beginning of the second World War, and in consequence the patent program developed rapidly into a program designed to break up international "cartels".[2] At first the Antitrust Division's charges that there had been conspiracies with the Germans which included restriction of the development of armaments industries in the United States and restrictions upon the right of American concerns to supply the enemies of Germany were widely regarded as sensation-mongering. Large defendant corporations, notably Standard Oil Company of New Jersey, seized upon the chance to dispose of cartel cases by pleas of *nolo contendere* and consent decrees and subsequently found it desirable to combat the adverse public reaction by propaganda designed to foster this view of the Anti-

[2] Because of its foreign flavor, the term cartel has been used by the Antitrust Division to indicate any international arrangement in restraint of trade, whether it takes the form of a trade association such as is customarily called a cartel in Europe, or is organized in a holding company structure, through the partnership of two large companies, through patent license agreements, or otherwise. Although Arnold occasionally spoke of "domestic cartels", he did not usually employ the term to cover domestic restraints of trade.

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trust Division's cartel program. Arnold met the situation by framing his legal documents so that they set forth in great detail the names, dates and steps involved in each conspiracy, and often by printing as attached exhibits the principal contracts upon which he based his charges. He also embraced opportunities to present full accounts of various conspiracies in testimony before Congressional committees concerned with patent legislation. By the time he left office the study of international cartels had been undertaken in two other government departments and an interdepartmental cartel committee had been established to consider questions of policy raised by cartel arrangements.

The second large program undertaken under Arnold was the housing investigation. This program sprang originally from the fact that the Antitrust Division had large numbers of complaints pertaining to housing and that there was an obvious discrepancy between the rise of building costs in 1937-38 and the stagnation of the building industry which was supposed to be largely responsible for the industrial recession of 1938. Whereas the cases in the patent program had been held together by the similarity of the restrictive devices which were under attack, the building program was conceived as an array of cases designed to liberate a whole industry from trade restraints. The purpose was to reduce the cost of housing substantially and thereby enable commercial builders to supply the needs of lower income groups with a consequent enlargement of industrial activity and of employment. Because of the many different commodities which go into the production of a house and of the relatively small contribution which each makes to the total cost, it was evident that the producers of each separate commodity had no adequate incentive to enlarge the housing market by price cutting, but rather were induced to develop price-raising restrictions so far as possible. Members of the various industries involved were sufficiently aware of this condition that the housing program was generally welcomed by the industrial groups involved in the investigation as well as by the general public.

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In geographic and trade coverage, the housing program was the largest ever undertaken by the Antitrust Division. Eleven grand juries were established in key cities selected to cover the entire country. The investigation covered manufacturers of building materials, wholesale and retail distributors, general contractors and subcontractors, and labor unions. At the maximum, about one hundred persons, or approximately half of the Division's total staff, took part in the work. Approximately one hundred criminal and civil proceedings were instituted. Many of these prosecutions were essentially local in character, since they attacked bid depositories or restrictive union practices in particular cities. However, there were also large national cases, of which the most conspicuous were a case involving a nation-wide effort to restrict the channels for the distribution of plumbing equipment and a series of cases involving price fixing and exclusion of independent concerns through abuse of grading rules by manufacturers of southern pine, western pine, and Douglas fir lumber.

At the outset the building program appeared to be conspicuously successful. It led to a widespread abandonment of bid depositories and similar localized building restraints and to some modification of practices in the distribution of various building materials. Systems of lumber grading were reorganized by consent decree. In isolated cases in which the effect upon building costs could be determined, there were substantial reductions—upon a Pittsburgh housing project, for example, 17 per cent.

Subsequently, however, the hope for a successful completion of the building program was destroyed by decisions of the Supreme Court which established the immunity of labor unions from prosecution in most of the cases then pending.

The labor program of the Antitrust Division was developed as a supplement to its building program, although later certain labor cases involving trucking were also included in the Division's food program. When Arnold took office, majority decisions of the Supreme Court had held labor subject to the antitrust laws not only as to restraints upon commercial com-

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petition but also as to secondary boycotts and similar activities. Unions were urging, however, that the complete immunity which they had not obtained under court interpretations of the Clayton Act had been established by the Norris-LaGuardia Act and the National Labor Relations Act. During the building investigation it soon became clear that many important restraints undertaken by business men were enforced by unions and that union restrictions designed to enforce jurisdictional claims and to perpetuate the use of handicraft operations on the job-site instead of factory processes were a major factor in preventing technical progress. Arnold adopted the policy of refusing to use the antitrust laws to police strikes or adjudicate labor controversies. He accepted the views of the minority rather than the majority of the Supreme Court as to the legality of secondary boycotts. However, he undertook to prosecute union restraints which were intended to prevent the improvement of productive methods, to compel the hiring of unnecessary labor, to fix prices, to enforce systems of graft and extortion, or to enforce jurisdictional claims against another bona fide union. Recognizing the propriety of union activity designed to prevent speed-up systems and to cushion the displacement of labor by new machinery, he sought to avoid difficulty in distinguishing these legitimate activities from the wasteful practices which he condemned by prosecuting only the clearest cases. In the building field, however, restraints by labor were so prevalent that an unprecedented number of prosecutions involved labor defendants. Although many union members and some union officials privately indicated their support for Arnold's program, most national leaders of labor condemned it without qualification and accused him of persecution. Other groups in the building industry, however, regarded his labor prosecutions as evidence of his good faith and courage and gave him increased coöperation. He also received a substantial amount of embarrassing support from notorious labor baiters.

The issue as to labor's legal subjection to the antitrust laws reached the Supreme Court in the case of U. S. v. Hutcheson.

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The question posed by the case was whether the carpenters' union could engage in boycotts and restraints upon the movement of goods in order to enforce its claim in a jurisdictional dispute with the machinists' union. The court decision rested upon the broad ground that the legality of action by a union was to be determined, not by the quality of the purpose or of the effect, but by whether the union acted alone or in concert with business men. Subsequent decisions in tests cases made it clear that the court meant to apply this principle as broadly as the language suggested. This restatement of the law not only required the termination of the cases directed against labor unions acting alone but also made it easy for building contractors and dealers to evade the statute. Where they and labor had a joint interest in excluding factory-made goods, they could withdraw from a conspiracy and leave the union to act alone; and where a restraint was likely to enhance their profits they could often rely upon the union leaders to infer that if labor imposed the restraint a portion of the proceeds thereof might be obtained for the labor group. In view of the impossibility of a coördinated reduction of building costs in the face of such gaps in the power of enforcement, Arnold abandoned the housing program.

The food program, which succeeded the investigation of housing, was undertaken chiefly because of the importance of food in the consumer's budget and the significance which must therefore attach to any restraints in this field. A secondary purpose was to uncover restraints which decrease the farmer's share of the consumer's food dollar and enlarge the spread in price between raw material and finished product. The investigatory technique was modeled upon the housing program. Again the investigation was nation-wide and industry-wide and covered all stages from manufacturing to retailing. Indictments were returned against dairy companies, bakers, cheese blenders, producers of fruits and vegetables, and meat packers. A few wholesaling establishments were indicted. In the retail field, investigations of chain stores resulted in their indictment for practices designed to restrain the business of independent

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grocers, and other investigations of various independent grocery groups led to indictments charging that they had sought to raise prices under the cloak of protective state legislation.[3]

By the time the food program had been fully developed the problems to which it was addressed were being rendered relatively unimportant by the price control and rationing activities of the Office of Price Administration. O.P.A. protections for the ultimate consumer were setting limits to the exploitative power of private conspiracies, and the general shortage of foodstuffs had destroyed the power of organized middlemen to exploit the farmer. Though problems of the destruction of small independent enterprise became more acute because of the food shortage, their solution usually depended upon proper use of the administrative discretion of a war agency rather than upon the destruction of a private conspiracy. Under these circumstances the importance of the food program had substantially declined when Arnold left office.

The last of the major programs developed by Arnold was that covering transportation. It was evoked by the efforts of transportation companies to eliminate competition among different forms of transport and to dispense with such competition among carriers as is provided for by existing Congressional policy. The investigation disclosed that railroads and motor carriers, which are theoretically free to initiate rate changes subject to review by the Interstate Commerce Commission, have actually organized to prevent the filing of any changes regarded as unsatisfactory by competitors of the concern which proposes to file. During the war many of these organizations have undertaken a concerted program to raise motor carrier rates to the level of rail rates. The first prosecutions which were intended to deal with this situation were prevented by protests from the War and Navy Departments and the Office of Defense Transportation, which regarded the

[3] Various states have passed laws requiring that minimum mark-ups be added by retailers to the cost of food products. The indictments alleged that under the pretext of enforcing these laws the groups in question had sought to impose mark-ups higher than those required by law, and to coerce their reluctant competitors.

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disturbance of the private rate bureaus as detrimental to the war effort. However, flagrant abuses by one rate bureau resulted in an indictment with the approval of these other government agencies.

Unlike the programs previously mentioned, the transportation program involves recommendations to the regulatory commissions of the government as well as practice before the courts. A proposed merger which would have unified the thirty-five most important motor carriers operating in east coast territory, which stretches from Maine to Florida, was opposed by the Division on the grounds that competition among motor carriers would be destroyed and that these carriers were to be brought under a financial control identical with that of the eastern railroads. After the financial aspects of the plan had been modified it was approved by the I.C.C. over the Division's protest, and the matter has been carried to the federal courts on appeal. In another instance, as a result of representations by the Division, the Civil Aeronautics Board modified a contract which had bound commercial air lines to charge at least twice the rail express rate for comparable air cargo, even though their cost was apparently less than that rate. When Arnold left office the transportation program was still in a relatively early stage of its development.

The latter part of Arnold's term of office was spent in a struggle to establish the usefulness of the antitrust laws in time of war. As soon as the nation's defense program evoked administrative plans for joint action by business men, suggestions were made that the antitrust laws should be set aside during the emergency. Arnold expressed the view that what business men did under instructions from their government could not be called a private conspiracy, and that restraints which were necessary to the conduct of the war could not be called unreasonable. He insisted, however, that each arrangement which would ordinarily be suspect under the antitrust laws must be specifically sanctioned by the government agency responsible for that part of the war program. Procedures were evolved by which the war agencies stated in writing that they

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regarded specified activities as essential to the conduct of the war, and thereupon Arnold gave written assurance that such activities would not be prosecuted. Later, at the request of the War Department and the War Production Board, Congress authorized the chairman of the War Production Board to exempt any war activity from the antitrust laws by a formal certification as to its necessity. In practice both the informal clearances by letter and the formal certifications were preceded by conferences about the proposed activity and by efforts on the part of the war agencies to meet any objections or doubts expressed by the Antitrust Division.

As the wartime administrative controls developed, it became evident that the actions of administrative officials in the war agencies would go far to determine the availability of supplies, the level of prices, and the chances for small business enterprise. Arnold expressed the view that under such circumstances it was necessary for the Antitrust Division to practice before the administrative agencies as well as before the courts. He established a small business section as a channel to bring complaints to the attention of the responsible administrators and to urge changes in policy where the survival of independent business was unnecessarily threatened. At first this section provoked friction, based upon the belief that it was meddling in matters for which other agencies were properly responsible; but subsequently the heads of the principal war agencies recognized the usefulness of a body which would keep them informed of the collateral effects of their actions.

Arnold's most difficult wartime problem was the postponement of antitrust cases. Among the defendants in his cases were many of the foremost American industrial concerns; for example, E. I. du Pont de Nemours, General Electric Company, American Optical Company, Bausch & Lomb Optical Company, Bendix Aviation Corporation, and American Brass Company. Some of these enterprises were charged with activities designed to restrict the production of essential war materials and to make them high-priced, sometimes in collusion with German concerns such as I. G. Farbenindustrie and Fried-

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rich Krupp. There was a peculiarly strong incentive to press such cases. Nevertheless, many of the enterprises in question were currently operating at high pressure in the production of military supplies. They argued bitterly that they could not do their utmost for one part of the government while they were under attack by another part of it, and that the time of their executives was too precious to be spent in preparing legal defenses. In March 1942 the Department of Justice agreed to postpone the trial of antitrust cases when in the opinion of the War or Navy Department immediate prosecution would interfere with war production by the defendants. However, the Department reserved the right to take the matter up with the President if it should be unwilling to postpone any particular case. By the end of Arnold's term of office more than twenty antitrust proceedings and two investigations had been postponed and a few other requests for postponement were pending.

Arnold's sharpest controversy with the war agencies arose during his last months in office about the conduct of his transportation program. He was presenting to a grand jury in Chicago evidence to show that rate bureaus organized by carriers in the rail and motor truck fields had agreed to raise motor carrier rates to the level of rail rates. The Office of Defense Transportation and the War and Navy Departments protested that they believed that carriers function more effectively through rate bureaus, that the indictments amounted to an attack upon the rate bureau method of rate making, and that the results would be refusal by the carriers to deal jointly with the government and a state of apprehension which would be serious for the war effort. Arnold presented the views of these agencies to the grand jury, which thereupon voted not to indict. Subsequently the same agencies approved a rate bureau indictment in Denver on the ground that it involved flagrant abuses which they did not regard as proper parts of a rate bureau program. In testimony before a Congressional committee which subsequently investigated this matter, Arnold expressed the view that in this case the war agencies had

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based their opinions, not upon the degree of interference with the war effort, but upon their ideas as to the propriety of the rate bureau system itself. He pointed out that he had offered to give a clearance by letter for any specific meetings or activities initiated by these war agencies which might require joint participation by the carriers.

In a further effort to protect the rate bureaus from prosecution during the war, the same war agencies requested the War Production Board to issue a certificate exempting the rate bureaus from the antitrust laws for the duration of the war. Arnold opposed this certificate on the ground that it not only sanctioned joint rate making by carriers of the same type but even authorized such joint action by carriers representing competing forms of transportation. He also recommended various safeguards, such as the requirement that rate bureau sessions be public. The proposed certificate was issued over his protest. After his resignation, the rate bureau problem became the subject of extended hearings before the Interstate Commerce Committee of the Senate.

Under Arnold the antitrust laws were revived as a basis for American public policy and were given for the first time an organization and a technique to make them effective. When he took office it was common, and when he left office rare, to encounter the view that the policy of the antitrust laws was out of date, that offenses under the laws were merely technical, and that the protection of the public interest must be sought exclusively in government regulation of business and in the public spirit shown by powerful business men. Whereas he began his work in a climate of opinion which assumed that old-fashioned price-fixing schemes had given way to vague practices of price leadership, before that work was finished the prevalence of agreements to fix prices and limit output was a matter of common knowledge. Public support for the policy of competition had been reaffirmed and public interest in the antitrust laws had become widespread. A new awareness of the likelihood of discovery and punishment had appreciably reduced the willingness of business men to violate the law.

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Within the federal government, the Antitrust Division had established its place as a special custodian of the interests of consumers, small business men, and other victims of monopoly and restraint of trade; and the practice of consulting the Antitrust Division as to governmental policies which might raise such problems was becoming well established.

This accomplishment in enlivening the tradition of free enterprise and converting it into a force for action was more important than the legal and economic techniques which were used to bring it about, but these too have made substantial changes in the Antitrust Division. Arnold's policy of massing cases in order to produce a broad economic effect is likely to be continued. The Division will not soon discard its practice of independent investigation to revert to the passive rôle of waiting for complaints. Future antitrust programs are likely to use criminal indictments more frequently than before Arnold and to continue exploring the possibilities of the constructive use of consent decrees. The cases in which he established the application of the antitrust laws to the learned professions and to various arrangements under patents provide a basis for a broader program of law enforcement in the future.

The revival which took place under Arnold is all the more remarkable because it cannot be explained by the success of his major programs. At best, five years in office are insufficient to recover the ground lost in nearly fifty years of haphazard antitrust enforcement. Arnold won a considerable number of legal victories, some of which were of major importance, but time was too short for the fruits of his work to ripen. Moreover, circumstances robbed his most important programs of their expected effect. The housing program was stranded by the Supreme Court decisions in the labor cases. The food program was robbed of major significance by the war. Much of the transportation program has been postponed by a certificate of the War Production Board. Though the patent program promises to change the future significance of patents in this country and the cartel program is developing into an important influence upon the future of post-war international

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business, both of these programs are more significant for their possibilities than for their accomplishments to date, and the immediate effect of both has been diminished by the postponement of trials in pending cases and by the knowledge that during the war the trial of new cases is also likely to be postponed. If Arnold's achievement were to be judged by what his antitrust cases have thus far accomplished in the American economy, it could be summarized as a number of substantial but localized changes in business practice which, taken together, are not sufficient to alter the folkways of business. But such a summary would be essentially false. The trend which he instituted and the support which he won have already changed business customs appreciably by changing business ideas and the ideas of the general public. They make it possible for his successors to continue and extend the beginnings he has made. With the approval of the Attorney General, Tom Clark, who succeeded Arnold, is vigorously pressing the cartel, patent and transportation programs, as well as the miscellaneous cases which he inherited from Arnold, and is now planning additional programs to continue the renaissance of the antitrust laws.

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THE IDEA OF A NATIONAL GOVERNMENT DURING THE AMERICAN REVOLUTION

IN July 1783 John Jay wrote to Charles Thomson, secretary of Congress, and urged him to write a history of the Revolution so that posterity might have a true account of it. "I think", he said, "it might be comprized in a small Compass—it need not be burdened with *minute* accounts of Battles, Seiges, Retreats, Evacuations &c—leave those matters to the Voluminous Historians. The *political* Story of the Revolution will be most liable to Misrepresentation, and future relations of it will probably be replete both with intentional and accidental Errors."[1] While Jay's plea went unheeded, an account of the idea of a national government during the Revolution is a commentary on the rightness of his predictions, for the "political story of the Revolution" has been the subject of "misrepresentations" and subsequent accounts of it have been "replete" with "errors".

It is of little moment now whether the errors he foresaw have been intentional or accidental. What is of moment is that ever since the adoption of the Constitution of 1787, Americans, in their effort to explain the nature of the government created, have divided into schools of "states rights" and "nationalism". In the course of bitter, and often violent, controversies which have been both seed and fruit of social and economic tensions in American society, many assumptions have been made concerning the nature of the political struggle in the eighteenth century not warranted by the sources themselves. Historians and political scientists, equally with politicians and legal apologists, have interpreted the past in terms of present hopes and desires. As a result, many questionable generalizations concerning the nature of the American Revolution and its constitutional history have come to be accepted

[1] John Jay to Charles Thomson, Passy, July 19, 1783, in Charles Thomson Papers, Library of Congress.

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as fact. Thus it is axiomatic that the demand for a strong central government after the Revolution arose from the experiences of the Revolution and the "chaos" of the "Critical Period" which resulted from the weakness of the Articles of Confederation. Much of the "chaos" is described as economic in character, even by those looking askance at anything remotely resembling an "economic interpretation" of the Constitution of 1787. Coupled with such assumptions is the almost total ignorance in subsequent times of the clear distinction made by eighteenth-century political leaders between the terms "federal" and "national" as applied to central governments. Today we use the terms interchangeably, but the Founding Fathers of 1776, and the quite different set of Founding Fathers of 1787, suffered from no such confusion. If we are to believe what they said, they believed that a federal government was one created by equal and independent states who delegated to it sharply limited authority and who remained superior to it in every way. They believed that a national government was a central organization with coercive authority over both the states and their citizens. They expressed these beliefs as clearly in 1776 as they did in 1787, and they acted accordingly.[2] Hence it is difficult to maintain that the Articles of Confederation were the result of ignorance and inexperience or that the Constitution was the result of wisdom and experience. Actually both governments were the results of choice by men, very few of whom changed their minds between 1776 and 1787. Differing conceptions of the purpose of government, not ignorance, lay at the bottom of the political conflicts and changes of the American Revolution.

[2] This question of the meaning of terms as used in the eighteenth century has never been studied adequately and does not belong in this paper. The materials are to be found in Thomas Jefferson, Notes on Debates, July 30, 31, August 1, 1776, in *Writings of Thomas Jefferson*, edited by A. E. Bergh (Washington, 1907), I, 33-35; John Adams, Notes on Debates, in *Works of John Adams*, edited by C. F. Adams (Boston, 1850-1856), II, 370-371; Max Farrand, ed., *The Records of the Federal Convention of 1787* (New Haven, 1911-1937), I, 39, 40-42, 19, n. 7. See also Madison's argument in *The Federalist*, no. 39, and Merrill Jensen, *The Articles of Confederation* (Madison, 1940), chap. vii, "The Problem of Sovereignty".

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The assumption that the demand for a centralized or "national" government with coercive power arose from the experiences of the Revolution, the weaknesses of the Articles of Confederation, and the chaos of the Confederation period is as untenable as the assumption of political ignorance on the part of revolutionary leaders. Actually the idea of a centralized government had its roots deep in the history of the colonies. Plan after plan for a centralized government in the colonies had been proposed from the beginning of the eighteenth century. Most of these plans were concerned with the problems of frontier defense and trade but they also involved the establishment of a central authority with direct control over military affairs and a measure of civil power as well, concentrated in the hands of a powerful executive and a legislative body composed of delegates from the several colonial legislatures. This body had been called a "national assembly" as early as 1698.[3] As the years passed and the tensions in colonial society increased, there began to appear in these plans of union for frontier defense the idea of union for self-defense on the part of the colonial aristocracies. Evidence of this is to be found in a number of queries submitted by Dr. Samuel Johnson, President of King's College, in the year 1760. He frankly disliked the "republican character" of many of the colonial governments and wanted them made uniform with the government of the mother country. The republican form, he said, "is indeed pernicious to them, as the people are nearly rampant in their high notions of liberty, and thence perpetually running into intrigue and faction and the rulers so dependant on them that they in many cases, are afraid to do what is best and right for fear of disobliging them."[4]

[3] These plans have been brought together in Hampton L. Carson, ed., *History of the Celebration of the One Hundredth Anniversary of the Promulgation of the Constitution of the United States* (Philadelphia, 1889), II, 439-486. D'Avenant's plan in which the term "national assembly" is used is on pages 454-455.

[4] *Ibid.*, II, 483. Dr. Johnson suggested the appointment of a viceroy to be located in New York. He should meet with delegates from the various colonial legislatures from time to time to consult on war and trade and veto or approve "laws passed in each government."

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The events of the years 1763 to 1774 served to fortify this type of thinking, for in their dispute with the mother country the colonial ruling classes fatally but inescapably sought the support of the farmers and the "mechanicks". When tax and trade laws could not be evaded by dutiful petitions, popular riots were encouraged by the aristocracy of the towns to give point to their constitutional theories about the right of self-government. But soon leaders came forth to voice popular grievances against local injustices and to demand more self-government within the colonies themselves. These new leaders like Sam Adams and Patrick Henry wrapped themselves in the all-embracing mantle of patriotism, attacked the merchant and planter aristocracies for half-hearted measures in defense of American liberties, and sought to displace them in office and positions of power. The merchant aristocracy of the North was thus faced with an ever more powerful political movement within the towns, while the planter aristocracy of the southern colonies was challenged by an ever-growing back country which expressed itself in such outbursts as the Regulator Movement when constitutional and legal means of relief were denied it.

The growing awareness of the possibility of internal revolution as a concomitant of the struggle against British restrictions caused many members of the aristocracy to become less ardent in their opposition to Great Britain, while it caused others to turn to the idea of a voluntary surrender of a portion of their local authority in a closer union with the mother country. In the spring of 1774, Thomas Wharton of Philadelphia expressed this attitude. He said there should be a union on constitutional principles with a central legislature in the colonies and with an executive appointed by the King and with more power than the colonial governors. This "supreme legislature" should have the power "to make Laws relative to the General Police of America", for, said Wharton, such power "would have a tendency of checking a Turbulent Spirit in any one of the Colonies & give England as well as the

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Colonies a greater Security than they would otherwise have." [5] This same attitude was expressed with characteristic frankness by Gouverneur Morris, a witness of the controversy in New York in 1774. In the years just past, he wrote, the aristocracy had gulled the mob, but the mob now had leaders of its own and could not be fooled forever. If the disputes with Great Britain were to continue, the aristocracy would lose all power and be ruled by a riotous mob. Therefore Morris declared himself for peace at almost any price, for he said that the English constitution was the guarantee of the position of the wealthy people in the colonies.[6]

It was with such an attitude that many representatives of the conservative elements in American society came to the first Continental Congress in the fall of 1774. Here they were met with two ideas they abhorred. The revolutionary group [7] proposed that the law of nature be made the basis of colonial

[5] Thomas Wharton to Thomas Walpole, Philadelphia, May 2, 1774, in Thomas Wharton Letter-Book, 1773-1784, pp. 34-35, in the Pennsylvania Historical Society. Many a colonial was well aware of the practical advantages of the British connection, as well as of the irritants arising from it. Many, for instance, were not averse to having British troops stationed in the colonies, where they could be and were used to suppress local outbreaks against established authority. See, for instance, John Penn to William Murray, Philadelphia, January 29, 1764, in the Emmett Collection, no. 3116, New York Public Library.

[6] Gouverneur Morris to . . . Penn, New York, May 30, 1774, in Peter Force, ed., *American Archives* (Washington, 1837-1853), 4th ser., I, 342.

[7] It is difficult, though necessary, to provide some label for the opposing parties during the Revolution, because readers at once attach to such labels a content derived from their own experience rather than the content which should be derived from the facts of the period for which they are used. Those called conservatives in this study were members of that group who wished to retain the British connection, but, failing that, and choosing to become revolutionists, wished to retain the political and economic structure of the colonial period unchanged in the new states. The revolutionary group, or party (the "radicals"), wanted independence from the beginning of the struggle. Their motives were extremely various. Some wanted power; some wanted political and social change in varying degrees; some had special grievances of various kinds. But on the whole one thing is clear: they disagreed with the "conservatives" on the issue of the nature of the central government to be adopted for the American states. Most of the conservatives saw in a powerful central government the means of maintaining the status quo, and they saw this from the start.

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rights, whereas the conservatives naturally preferred the certainties offered by the British constitution and the colonial charters. Equally abhorrent, especially to representatives of the mercantile interest, was the proposal to stop all trade with Great Britain. Such measures would result only in independence and chaos.

Because of their desire to stay within the empire and its certainties, and, as Galloway said, "to probe the ultimate designs of the republicans" to see if they were willing to stop short of independence, the conservatives united in drafting a plan for a centralized government in the colonies. In his speech prefacing the plan Galloway presented the general argument for centralization consistently used by those conservatives who, unlike Galloway, finally chose the revolutionary side when forced to make a choice by the Declaration of Independence. The colonies, said Galloway, were "so many inferior societies, disunited and unconnected in polity." They deny the authority of Parliament, and yet in their relations with one another they are in a perfect state of nature and destitute of any supreme direction or decision whatever, even to the settlement of differences among themselves. Only the authority of Parliament had prevented civil war between colony and colony in the past. Therefore there must be either an American parliament or a surrender of authority to the King or to Parliament.[8]

Galloway thus expressed the conviction of all those who assumed the necessity of coercive centralized authority. Behind the assumption lay many motives, ranging all the way from the disinterested patriotism of men as different as Washington and Thomas Paine to the economic and political opportunism of Alexander Hamilton and Gouverneur Morris. This complexity of motivation perhaps goes far toward explaining the relative ineffectiveness of the conservative group during the Revolution, for all too often those who urged more power for Congress in the interest of the "good of the whole" could

[8] Joseph Galloway, *Historical and Political Reflections on the Rise and Progress of the American Rebellion* (London, 1780), pp. 70-77.

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be and were charged with using such arguments as a cloak for private gain at the expense of "the whole".

The revolutionary group defeated the Galloway plan, but it did not object to some form of central organization, especially as a means of shoving the colonies in the direction of independence. As early as 1766, Sam Adams expressed his delight with the Stamp Act because it made possible a union of the colonies.[9] Likewise the revolutionary group welcomed the first Continental Congress. In 1775 and in 1776 they supported plans of confederation which were in turn defeated by the conservatives. The paradox was only a seeming one, for in 1775 and 1776 the idea of confederation was a part of the radical program of achieving independence by indirection. Men like John Dickinson, James Wilson, Robert Morris and Robert Livingston knew this, and hence their opposition.[10]

But when it became apparent that independence could no longer be avoided, the conservatives, led by John Dickinson, switched their tactics once more. They argued eloquently the need of sovereign authority over the new states-to-be; they pictured the horrors of civil war; they deplored the fact that people felt at liberty to do as they pleased at any time; they insisted on the necessity of centralized authority to regulate trade and western lands, and to suppress civil war.[11] When the motion for independence and confederation was made early in June 1776, the conservatives, led by John Dickinson, dominated the committee appointed to draft articles of confederation. This committee offered to Congress the draft of a constitution with enormous potentialities, for in it no restrictions were placed on the authority of Congress and no guarantees of rights were made to the states. In addition, Congress was given power to establish state boundaries and to control western lands, the chief source of potential wealth in the eighteenth century.

[9] Sam Adams to Christopher Gadsden, Boston, December 11, 1766, in Samuel Adams Papers, New York Public Library.

[10] Jensen, *Articles of Confederation*, pp. 84, 87-88.

[11] *Ibid.*, pp. 112-116.

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All these features were eventually deleted from the Articles. Southern conservatives like John Rutledge, who had not felt the force of internal revolution, were afraid that the South would be at the mercy of the "democratic" states of New England; landholding states wanted no interference with their claims; and above all the "federalists" wanted no power superior to the power of the individual state governments. The Articles of Confederation when completed left ultimate power in the hands of the creating states. The central government was given specific and sharply circumscribed powers. And most important of all, the creating states retained for themselves that vast area of unspecified, unenumerated powers, the twilight zone wherein constitutional governments function most largely.[12]

The political groups who brought on the Revolution thus won a sweeping victory, but those conservatives who chose the revolutionary side, so far as independence was concerned, did not surrender their ideals of government. Their experience with revolutionary enthusiasms and more democratic forms of state government confirmed them in the fears they had expressed before the Declaration of Independence. Hence their desire for a national government was intensified rather than diminished, and they showed no more intention of accepting the Articles of Confederation as a permanent constitution than they did of accepting the more democratic constitutions adopted in some of the states.[13]

[12] *Ibid.*, chapters v-viii.

[13] Edward Rutledge wrote to John Jay, November 24, 1776, advising a strong executive for New York, because, he said, "a pure democracy may possibly do, when patriotism is the ruling passion; but when the state abounds with rascals, as is the case with many at this day, you must suppress a little of that popular spirit." In *The Correspondence and Public Papers of John Jay*, edited by H. P. Johnston (New York and London, 1890-1893), I, 94. The bitter opposition of conservatives like Dickinson, Wilson and Morris to the Pennsylvania Constitution of 1776 was such that for months at a time it prevented any effective action on behalf of the war by the Pennsylvania legislature. Richard Henry Lee was convinced that the people who opposed the Declaration of Independence were also opposed to the completion of the Articles of Confederation, because it would complete the independence of the American states. To Sam Adams, July 12, 1777, in Samuel Adams Papers.

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For a time the Revolution swept many of the conservatives from positions of effectiveness, although enough remained in legislative seats to voice from time to time the demand for centralized authority. They could not change the Articles of Confederation, now before the states for ratification, but they could and did seek to establish precedents upon the basis of which they could argue the sovereignty of Congress. Gouverneur Morris had proposed such strategy as early as 1775. He had then urged Congress to consider the case of James Rivington, the Tory printer in New York City. Morris declared that by such action Congress would acquire judicial power just as the Association had given it legislative power. The canny Morris was keenly appreciative of the importance of precedent. "The power of Government as of man", he said, "is to be collected from small instances; great affairs are more the object of reflection and policy. Here both join." [14]

Time and again the small minority of conservatives who remained in Congress tried to "collect" the power of government "from small instances". One such instance was the report of a price-fixing convention in New England in 1777 which was laid before Congress. James Wilson and others argued that the approval of Congress was necessary. His opponents were convinced that the purpose of this approval was to secure for Congress the power of disapproval of other state acts at a later time, and so defeated the proposal.[15] Many of the revolutionary group were as well aware as the conservatives of the subtle power of precedents once established.

Closely related to the forces behind such strategy were the land companies, whose members sought to profit from lands lying west of the Alleghenies. The issue was clear: if states with charter claims like Virginia retained control, her own

[14] Gouverneur Morris to Richard Henry Lee, May 1775, in Force, *American Archives*, 4th ser., II, 726.

[15] Thomas Burke, Abstract of Debates in Congress, February 12, 1777, in Edmund C. Burnett, ed., *Letters of Members of the Continental Congress* (Washington, 1921-1936), II, 249; Benjamin Rush, Diary, February 4, 1777, in *ibid.*, II, 234-235; William Ellery to the Governor of Rhode Island, February 15, 1777, in *ibid.*, II, 255.

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speculators would have first chance; if Congress got control, the speculators from the landless states organized in companies like the Indiana, Illinois and Wabash might have better hopes of success. These companies had appealed to a central government—the British—before the Revolution to separate the West from Virginia and to give it to them. Once the Revolution broke out, it was natural for them to appeal to Congress, which in all hopefulness they pictured as the inheritor of British sovereignty. The appeal was tangible as well as theoretical, for they distributed shares of their stock to members of Congress.[16]

The Dickinson draft of the Confederation gave the desired power to Congress, but it was taken completely away by the landed states before the Confederation was completed. Thus defeated in practical politics, the land companies sought support for their claims both from Virginia and from Congress, the direction of the appeals being determined from time to time by the apparent chances of success. When Virginia's actions finally made it plain that there was little to be gained from her, representatives of the land companies evolved tenuous theories in support of the sovereignty of Congress in general and over western lands in particular. An Indiana Company memorial in 1779, for instance, declared that the West had been set up as a separate government under the sovereignty of the King, and that now the jurisdiction over that land was in the hands of "the whole United States in Congress assembled, in whom the Sovereignty is now vested."[17] Other memorials were even more explicit. One of them declared that "all the Rights and all the obligations of the Crown of Great Britain respecting the lands and governments devolve upon the *United States* and are to be claimed, exercised and discharged by the United States in Congress Assembled."[18]

[16] See Merrill Jensen, "The Cession of the Old Northwest", in the *Mississippi Valley Historical Review* (June 1936), XXIII, 27-48.

[17] Papers of the Continental Congress, no. 77, folios 234-236, in the Library of Congress. This was presented by George Morgan.

[18] Walpole Company Memorial presented by William Trent, September 11, 1779, in Papers of the Continental Congress, no. 41, X, folios 79-86.

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This subtle doctrine of the devolution of sovereignty was the creation of the nationalists, for such men as James Wilson and Robert Morris were leading members of the land companies. But no such doctrine, however subtle, could mislead the representatives of the landed states. And when Virginia denied all jurisdiction of Congress in such matters, William Trent replied for both the Indiana and Vandalia companies with utter frankness that the "Question of the jurisdiction of Congress" was the very essence of their claims, and that it was "of infinite consequence to the American Union as well as to your memorialists." [19]

Repeated defeats such as these by no means abated the determination of those who saw in the creation of a powerful centralized government the answer to their needs and desires. It was not, however, until 1781 that they appeared in Congress in numbers sufficient to indicate conservative victories in many of the states in 1780.[20]

The stresses of the year 1780 gave strong grounds for their activity both in the state governments and in Congress. Public finance seemed an insurmountable problem. British success in the South was frightening. Men were casting desperately about for political remedies for economic and military problems that no political scheme could solve. In private letters, newspaper essays, and in state politics the nationalists urged their program with more force than ever, for now they had behind them a new and powerful interest created by the Revolution—the public creditors who held evidences of debt issued by state and central governments. Great riches lay in the masses of depreciated paper used to finance the war if Congress could acquire the power of taxation and forcible collection. The nationalists did not look upon this debt as a handicap, but agreed with Hamilton who declared in 1781:

[19] October 13, 1780, Papers of the Continental Congress, no. 77, folios 230-233.

[20] Robert Morris was elected to the Pennsylvania legislature; a conservative constitution was written in Massachusetts; Thomas Jefferson was replaced by Thomas Nelson, a conservative, as governor of Virginia. These are but a few samples of the changes which were taking place in 1780 and 1781, and which were being reflected in the changing personnel of Congress.

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"A national debt, if it is not excessive, will be to us a national blessing. It will be a powerful cement of our Union." [21] There was no novelty, even then, in this concept of a creditor group as a powerful nationalizing force, for, as early as May 1775, the New York Provincial Congress had concerned itself with currency problems and accepted a report drafted by Gouverneur Morris. This report declared that Congress should control all currency. One of the reasons given for this proposal was "that whenever a Paper currency has been emitted, and obtained general credit, it will be a new bond of union to the Associated Colonies. . . ." [22] In 1776, Joseph Hawley of Massachusetts urged the creation of a confederation, because "without a general Superintending Legislative what will become of us with regard to our Paper Medium?" [23] And, as the war neared its end, Robert Morris, from his eminence as superintendent of finance, wrote to John Jay, "Finance, my friend, the whole of what remains of the American Revolution grounds there." [24]

It is evident that men saw a connection between centralization and currency during the Revolution. It is also evident that some of them looked upon the public debt and debt funding as involving more than economics or justice. Hamilton and Gouverneur Morris early realized that the creditor group

[21] Hamilton to Robert Morris, April 30, 1781, in *The Works of Alexander Hamilton*, edited by John C. Hamilton (New York, 1851), I, 257. The debt was rapidly concentrating in the North. Hamilton wrote Governor Clinton on May 14, 1783, that at least four-fifths of the domestic debt was due to the citizens of the states from Pennsylvania and north. *The Works of Alexander Hamilton*, edited by Henry Cabot Lodge (New York and London, 1904), IX, 342.

[22] Force, *American Archives*, 4th ser., II, 1264. Report of the Committee on the Expediency of Continental Currency.

[23] Joseph Hawley to Sam Adams, Watertown, June 2, 1776, in Samuel Adams Papers. See also [Samuel Savage] to Sam Adams, August 22, 1776, in Samuel Adams Papers.

[24] Jared Sparks, *The Life of Gouverneur Morris* (Boston, 1832) I, 234. Robert Morris wrote to Hamilton July 2, 1782, that "what remains of the war, being only a war of finance, solid arrangements of finance must necessarily terminate favorably. . . ." Hamilton, *Works* (Hamilton ed.), I, 285.

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might be consolidated behind a movement for the imposition of a national government upon the states. The demand for more congressional power over finance grew ever stronger with depreciation and with the concentration of the public debt in fewer and fewer hands. There was talk of dictatorship—of giving Washington power to extract from state governments by force that which could not be acquired by persuasion. There was a demand that strong men be given charge of government departments. There was talk of forcing people to accept distinctions in rank.[25] Then, in the fall of 1780, Alexander Hamilton embodied most of such proposals in a concrete program of action presented to James Duane, a persistent nationalist.

The root of evil, Hamilton said, was that Congress lacked the power to act upon the states collectively. To get around this fact, he conjured up the idea that Congress should use "undefined powers". Such powers could be limited only by the object of the establishment of Congress, which was the freedom and independence of America. The Confederation could be ignored, since it had not been ratified, and, furthermore, it was defective because of the idea of "uncontrolled sovereignty in each State over its internal police. . . ." Congress must perform innumerable acts for the general good which would interfere with this power of the states.

There were two ways to get power. The first was to assume that Congress had once had and used discretionary power limited only by the end for which Congress had been organized. Hamilton was too realistic to suppose that such an assumption would be accepted by "the generality of Congress",

[25] See Jared Sparks's summary of Gouverneur Morris' essays of "An American" which appeared in the *Pennsylvania Packet* in February and March 1780. Sparks, *Morris*, I, 218-233.

The scheme to give Washington dictatorial powers in the year 1780 is hidden in a fog of cryptic remarks, but it was apparently a real effort. See Philip Schuyler to Hamilton, Philadelphia, April 8, 1780, in Hamilton, *Works* (Hamilton ed.), I, 135-136; General Nathaniel Greene to Joseph Reed, Norristown May 20, 1780, in Joseph Reed Papers, New York Historical Society; James Lovell to Elbridge Gerry, November 20, 1780, in Burnett, *Letters*, V, 452 Matthews to Washington, September 15, 1780, in *ibid.*, V, 373.

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and his second proposal showed that the nationalists had learned much from radical tactics. Hamilton proposed that a convention be called, that it be given power to draw up and adopt a new government without reference to Congress, the states, or the people. This government would be a "solid, coercive union" with "complete sovereignty" over the civil, military and economic life of the thirteen states. Its economic power was to be assured by permanent revenues in the form of land taxes, poll taxes, duties on trade, and the ownership of all unoccupied western lands.

In the meantime Congress must take two immediate steps to secure power. The committees in charge of foreign affairs, war, marine, trade and finance must be replaced by single executives who should be "men of first abilities, property, and character in the continent. . . ." The second step was for Congress to consolidate behind it the power of the army, which, like the creditors, Hamilton described as an "essential cement to the union. . . ." The army should be reformed. Hamilton said it was "a mob rather than an army, without clothing, without pay, without provisions, without morale, and without discipline." Congress could attach the army to it by providing clothing and by giving the officers half pay for life. "Congress would then have a solid basis of authority and consequence; for, to me, it is an axiom, that in our constitution, an army is essential to the American Union."[26] Hamilton's belief in the use of force provided by the creditors and the army to achieve political ends foreshadows the attempted *coup d'état* of 1783, not to mention the willingness of some nationalists to use force in 1787, had that been necessary to achieve their ends.[27]

[26] Hamilton to Duane, September 3, 1780, in *Works* (Hamilton ed.), I, 150-168.

[27] See the letter of Benjamin Rush to Richard Price, June 2, 1787, in the Massachusetts Historical Society *Proceedings*, 2nd ser., XVII, 367-368. Rush said that time, necessity and reason would wear down the opposition to the constitution when it appeared but that if those failed, "force will not be wanting to carry it into execution; for not only all the wealth, but all the military men of our country (associated with the society of Cincinnati) are in favor of a wise and efficient government."

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No general convention was called, but in November 1780, groups of delegates from New York and the New England states met at Hartford, ostensibly to deal with the problem of raising troops in the North. Far more than this was involved, for General Schuyler had said before the convention met that there would be a proposal to ask for the appointment of a dictator, with "Vice-Dictators" in each of the thirteen states.[28] The convention did not go that far, but it did urge that Washington be given dictatorial power to collect supplies from the states and that Congress be given the power of taxation, in order to pay the interest on the public debt. It declared that the lack of coercive power in the "General Government of the Continent" was the greatest defect. To remedy it, the idea of implied powers was propounded. The powers of Congress had never been defined, said the convention, but there was a "necessarily implied compact" between the states at the beginning of the war. From this it "may certainly be inferred that Congress was vested with every power essential to the common defense. . . ." However, the convention was willing to waive argument on this point. The important thing was to exercise power now, and, though the idea might seem harsh, a weak and inefficient government could never answer the ends of society. These the convention defined as defense against foreign invasion.[29]

Such ideas were startling to men like James Warren, who wrote to Sam Adams:

> if one of them [the resolutions] does not astonish you I have forgot my political catechism. Surely history will not be credited when it shall record that a convention of Delegates from the four N England States & from the next to them met at Hartford in the year 1780 and in the heighth of our contest for public Liberty & security solemnly Resolved to recommend to their several States to Vest the Military with Civil Powers of an

[28] Schuyler to Hamilton, September 10 and 16, 1780, in Hamilton, *Works* (Hamilton ed.), I, 183, 184-185.

[29] "Proceedings of the Hartford Convention, November 8-14, 1780", in the *Magazine of American History* (October 1882), VIII, pt. 2, 688-698.

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extraordinary kind & where their own Interest is concerned, no less than a compulsive power over deficient States to oblige them by the point of a Bayonet to furnish money & supplies for their own pay & support.[30]

Congress refused to consider such schemes in 1780, but by 1781 significant changes took place in the complexion of that group. Nationalists were beginning to appear there in significant numbers. John Dickinson was elected from Delaware, although he did not attend. James Duane, James Wilson, Robert R. Livingston, James Varnum, James Madison and Alexander Hamilton all appeared and became the dominant figures in congressional affairs from 1781 to 1783. The presence of these men and many lesser ones who followed their lead helps to explain, as much as the distresses of the months before Yorktown, the measures taken by Congress in 1781. It also helps to explain the temporary subsidence of proposals for revolutionary action by the nationalist group. Once back in Congress they sought to achieve their ends by amendments to the Confederation, by administrative changes, and by a variety of ingenious interpretations of the Confederation.

The ideas expressed in newspaper essays, at the Hartford Convention and in private letters were now adopted in some detail. An amendment giving Congress a limited revenue for an unlimited time was sent to the states for ratification. Committees of Congress were replaced by men to whom both circumstance and design gave dictatorial power. Robert Morris became superintendent of finance with Gouverneur Morris as his assistant. Robert R. Livingston became secretary of foreign affairs. Benjamin Lincoln became secretary of war. Robert Morris, as banker, as merchant, and as a public official controlling the finances of Congress, represented more power than the American states had yet seen in the hands of a single man. He appointed collectors of federal requisitions in each of the states. He started a private bank with money Congress borrowed in France. He made the office of superintendent of

[30] Plymouth, December 4, 1780, in Samuel Adams Papers.

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finance the center around which rallied all the multifold interest desiring authoritarian government.[31]

In the long run, even such far-reaching steps were inadequate, for the Articles of Confederation hedged Congress within narrow bounds. From the nationalist point of view, the essential power lacked was the power of coercion over the states and their citizens. It was *power*, not powers, that they wanted. Given the power of coercion, all other powers could be taken for granted, for few of the nationalists were hampered by regard for either democratic spirit or forms. These nationalists actually looked upon the ratification of the Confederation as of doubtful value for fear that it would encourage the idea that Congress had thereby gained enough power.[32]

As soon as ratification of the Confederation was complete, a committee was appointed to prepare plans for making it effective. James Duane, James Madison and James Varnum, three outstanding nationalists, were the committee, and their report coincides more nearly with their ideas than it did with the realities of the moment, for, short of revolutionary action, all the states would have to approve. The committee used the idea of implied powers differently than Hamilton and the Hartford Convention had used it the year before. They now declared that the Confederation itself gave Congress "a general and implied power" to carry the Articles of Confederation into effect in the states, but that because no "determinate and particular provision" to that effect was in the Confederation, they were ready to propose a new amendment. This amendment gave Congress the specific power to use the army

[31] Jennings B. Saunders, *Evolution of the Executive Departments of the Continental Congress, 1774-1789* (Chapel Hill, 1935), contains a brief account of this movement. All the treatments of Morris are highly partial one way or another and none of them gives an adequate account of his rôle as superintendent of finance.

[32] Hamilton to ————?, February 7, 1781, in *Works* (Lodge ed.), IX, 230-231. Such sentiments were also to be found in the newspapers. See "An Independent American" to "The People of America" in the *Pennsylvania Gazette*, March 14, 1781. This writer argued that the importance of the ratification of the Articles of Confederation not be exaggerated, because such covenants or confederations on paper were of no consequence unless supported by virtue and honor.

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and navy to force the states to abide by the decisions of Congress. This and many other amendments to free Congress from dependence on the states were proposed, but the demands were so extreme that Congress delayed consideration of them repeatedly, until circumstances once more played a conclusive rôle.[33]

The battle of Yorktown in the fall of 1781 and the peace negotiations under way gave no joy to the nationalists. Their arguments for centralization and the supposed efficiency and economy that would result depended heavily on the continuance of the war, and they knew it. Shortly after Yorktown Gouverneur Morris wrote General Greene that the acquisition of power by Congress was a difficult matter, but that "To reinforce the reasonings, to impress the arguments, and to sweeten the persuasions of the public servants, we have that great friend to sovereign authority, a foreign war." But he said, if the war stopped, he had little hope that the "government would acquire force."[34] Robert Morris agreed with this view. He declared that he would welcome peace so that he might be rid of his job but that, if he were to speak as a patriot, he would wish that the war would continue until the central government acquired more power.[35]

The approaching end of the war thus forced the nationalists to realize that one of their best arguments for increased centralized authority would soon disappear, and this realization was accompanied by a growing desperation as one after another of their measures failed of success. Evidence of this desperation was the fact that once more they took refuge in constitutional theories and talk of conventions. In July 1782, the New York legislature adopted a recommendation drafted by Hamilton for a convention to give Congress both power

[33] *Journals of Congress*, XIX, 239; XX, 469-471, 773; Papers of the Continental Congress, no. 24, folios 49-51.

[34] Philadelphia, December 24, 1781, in Sparks, *Morris*, I, 239-240.

[35] To Matthew Ridley, October 6, 1782, in *The Confidential Correspondence of Robert Morris* (Stan V. Henkels Catalogue, No. 1183), 41.

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and money.[36] The public creditors in New York held a meeting in September and talked of a creditors' convention for the state, and even of one for all the states.[37] Hamilton told Governor Clinton of New York that since Congress had the power to determine the amount of money to be paid into the public treasury, it therefore had the constitutional power of taxation.[38]

The urbane Robert Morris became almost plaintive in arguing with the governor of Rhode Island, who insisted that it was unconstitutional to ask for an impost amendment. Morris replied that "if a thing be neither wrong nor forbidden it must be admissible"; that the requisition was not forbidden and certainly not wrong for "it can not be wrong to do that which one is obliged to do, be the act what it may." And even if one admitted that the request might be contrary to the Confederation, the Confederation itself was created by general consent and by general consent might be altered. "The requisition therefore, if complied with, will by that very compliance become constitutional." [39]

Such arguments and theories reveal more of the desires of their users than they do of the nature of the Constitution. Far more to the point was a scheme of revolutionary action which a variety of events brought to a head. In January 1783, Virginia withdrew her ratification of the impost amendment of 1781 and thus joined Rhode Island in opposition. A member of Congress wrote in the same month that "Congress are, and have been exceedingly embarrassed by the urgent, and reiterated Demands made upon them by the publick Creditors, holding Certificates and liquidated accounts. . . ." [40]

Virginia's repeal was a bitter blow to their hopes. Robert Morris offered his resignation as superintendent of finance, partly if not wholly as a means of forcing Congress to take

[36] Hamilton to Robert Morris, Poughkeepsie, July 22, 1782, in *Works* (Lodge ed.), IX, 265.

[37] Hamilton to Robert Morris, September 28, 1782, in *ibid.*, IX, 293.

[38] February 24, 1783, in *ibid.*, IX, 315.

[39] October 24, 1782, in Francis Wharton, ed., *The Revolutionary Diplomatic Correspondence of the United States* (Washington, 1889), V, 830-832.

[40] Samuel Wharton to the Delaware Council, January 6, 1783, in Burnett, *Letters*, VII, 2-4.

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some action on behalf of the creditors.[41] During this same time, the discontent[42] which had been smoldering among the officers of Washington's army at Newburgh came to a head with the appointment of three men who were sent to Congress to demand a settlement of accounts. When this committee, headed by General McDougall, appeared in Philadelphia, two kinds of meetings took place: official meetings with a committee of Congress, and unofficial meetings with certain of the nationalist politicians, including Gouverneur Morris and Alexander Hamilton. These men saw in the clamors of the creditors and the discontent of the officers an opportunity to unite the two groups in a *coup d'état* to establish the kind of government they had been unable to establish through either constitutional processes or interpretations.[43]

As a result of the unofficial negotiations, the army committee was convinced that it should throw in its lot with Congress, rather than to turn to the states for a settlement of accounts.[44] A delegate was sent back to the army officers at Newburgh, apparently with instructions to keep Washington in the dark.[45] General McDougall was perfectly frank in re-

[41] Arthur Lee to Sam Adams, March 15, 1783, in Burnett, *Letters*, VII, 68; *Pennsylvania Gazette*, March 5, 1783; North Carolina Delegates to the Governor of North Carolina, March 24, 1783, in Burnett, *Letters*, VII, 99; Hamilton to Washington, April 1783, in *Works* (Lodge ed.), IX, 334-335.

[42] Rufus Putnam to Sam Adams, Boston, October 18, 1782, in Samuel Adams Papers. Putnam said that the temper of the army was such that it should not be trusted with arms.

[43] There are but two accounts of this scheme worthy of attention. The oldest is that of George Bancroft, *History of the Formation of the Constitution of the United States* (New York, 1882), chap. v, "A Plan to Force a Stronger Government". Within the limits of his materials Bancroft does a much better job than subsequent historians who have covered the same ground. The other account is that of John Corbin, in his *Two Frontiers of Freedom* (New York and London, 1940), part 2, chap. iii, "Fascism—1783". In this study, as in his biography of Washington, Corbin deals with facts that historians have usually ignored and he comes to some extraordinary conclusions.

[44] Gouverneur Morris to General Nathaniel Greene, February 15, 1783, in Sparks, *Morris*, I, 250-251.

[45] John Armstrong, Jr., to General Horatio Gates, Philadelphia, April 29, 1783, in Burnett, *Letters*, VII, 155, n. 3. This letter, written after the failure of the scheme, predicts that civil war will follow.

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porting the situation to General Henry Knox. He listed all the difficulties in the way of securing a settlement and then asked: "Under these apprehensions, as well as others of general concern to the Confederacy, what if it should be proposed to unite the influence of Congress with that of the Army and the publick Creditors to obtain permanent funds for the United States which will promise most for the ultimate security of the Army?" [46] Meanwhile Gouverneur Morris was predicting, prematurely but revealingly, that "much of convulsion will ensue" and that it "must terminate in giving to government that power, without which government is but a name." No grant of funds would be made by the states, he said, unless the army united with the other public creditors to obtain it.[47] To General Knox he wrote that the only thing the army could do was to unite with the creditors of every kind, both foreign and domestic, and urge the granting of permanent funds. "The army may now influence the Legislatures and if you will permit a Metaphor from your own Profession after you have carried the Post the public Creditors will garrison it for you." [48] Meanwhile Arthur Lee wrote to Sam Adams that "the terror of a mutinying army is played off with considerable efficacy." [49]

The key figure in any such scheme was Washington, and Hamilton undertook to sound him out. In his letter, Hamilton was more than a little circuitous, for Washington's reactions were not to be predicted in spite of his reiterated demands for a stronger central government. Hamilton discussed the inadequacies of Congress, the necessity of the army supporting itself if the war continued, and of supporting itself to secure justice if peace were declared. How to keep a suffering army in bounds was the question, and this only Washington could do. He should take direction of the army's efforts to obtain redress,

[46] January 19, 1783, in Burnett, *Letters*, VII, 14, n. 2. See also McDougall's letter of February 19, in *ibid.*, VII, 50, n., and McDougall and Ogden to Knox, February 8, in *ibid.*, VII, 35, n.

[47] Morris to John Jay, January 1, 1783, in Sparks, *Morris*, I, 249.

[48] February 7, 1783, in Burnett, *Letters*, VII, 34, n.

[49] January 29, 1783, in *ibid.*, VII, 28.

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and he should endeavor to retain the confidence of the army without losing that of the people. Hamilton insinuated that Washington was suspected of not being sufficiently interested in the welfare of the army. He concluded by saying that the "great *desideratum* . . . is the establishment of general funds which alone can do justice to the creditors of the United States. . . . In this the influence of the army, properly directed, may operate." [50]

Washington refused to accept the responsibility. He refused to believe that the discontent of the army was as serious as the nationalists tried to convince him it was. He said flatly that he did not believe the army would exceed "the bounds of reason and moderation, notwithstanding the prevailing sentiment in the Army is, that the prospect of compensation for past Services will terminate with the War." [51] And finally he charged that the whole affair was a plot of politicians in Philadelphia.[52]

Washington was either unaware how far the plans had gone among his officers, or else he chose to ignore them until anonymous petitions were circulated among the officers urging them to refuse to fight if the war should continue and to refuse to lay down their arms if peace should be declared, until they had secured some settlement of their accounts. Washington then took charge and in a dramatic speech to the officers he defeated the scheme, for without him and the officers who were sure to follow him nothing could be done.[53]

[50] February 7, 1783, in *Works* (Lodge ed.), IX, 310.

[51] To Hamilton, March 4, 1783, in *The Writings of George Washington from the Original Manuscript Sources, 1745-1799*, edited by John C. Fitzpatrick (Washington, 1931-41), XXVI, 185-188.

[52] To Joseph Jones, March 12, 1783, in *Writings*, XXVI, 213-215; to Hamilton, March 12, in *ibid.*, pp. 216-217. Once the plot had failed, Hamilton denied that he had ever contemplated the use of force, although he admitted that he considered it would be well to unite the army and the creditors. To Washington, March 17, in *Works* (Lodge ed.), IX, 323-326.

[53] The Newburgh proceedings are in the *Journals of Congress* for April 29, 1783. Washington's account of this affair is to be found in his letters to the President of Congress, March 18, in *Writings*, XXVI, 229-232, and to Joseph Jones in *ibid.*, pp. 232-233.

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In spite of this crucial defeat, the nationalists remained active until the official cessation of hostilities. Once more the basic weakness of their plans was apparent, for, as usual, they failed to take into account the political realities they faced, so ridden were they by their own desires. Only a group of officers had been involved whereas any such measure needed an army to make it successful. And it was perfectly obvious that the common soldiers had but one desire and that was a desire to go home which they demonstrated by insubordination, riots and desertion. Washington, faced with a disintegrating army suppressed the riots, flogged the soldiers, and asked Congress for advice. Congress evaded the issue and shifted the responsibility back to him by allowing him to grant furloughs or discharges as he pleased. His officers demanded that he keep the soldiers in camp until their accounts had been settled, but Washington refused to do so, and on June 13, 1783, most of the common soldiers and many of the officers started for home without formality or farewell.[54]

The possibility of an armed revolution vanished with the common soldiers who probably knew nothing of what had been intended for them. With them vanished the hopes of the nationalists, and one by one they too returned to private life. Alexander Hamilton and Gouverneur Morris are two examples. Robert Morris, in spite of repeated threats to resign, stayed on as superintendent of finance until the spring of 1784. His place was taken by a committee of three, one of whom was Arthur Lee who had openly charged Morris with corruption. The nationalists did not surrender their hopes or their plans with their positions in Congress: they merely moved back to the states to continue the work for a national government.

The idea of a national government was thus an integral part of the American Revolution. The ideas of the nationalists had been fully shaped by the end of the war. Their oft-defeated schemes and plans indicate the methods by which they were

[54] Louis C. Hatch, *The Administration of the American Revolutionary Army* (New York, 1904), chaps. viii-ix, has the best general account of these events. The relevant documents are in Burnett's *Letters* and in Washington's *Writings*, XXVI.

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ultimately to achieve success, and are a commentary on their political philosophy, for those plans involved the use of force if necessary, the support of the public creditors, and the exploitation of Washington's prestige to bring about a political revolution. Their ends were the creation of a centralized government with coercive authority and the consolidation behind that government of the creditor groups whose prospects of increased wealth would furnish solid support.

The significance of these facts for the interpretation of the American Revolution is that these ideas, plans and ends were the product, not of a period of post-revolutionary chaos, necessity and governmental weakness, but of the history of the American Colonies, and, more particularly, of the Revolution itself.

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CONGRESSIONAL OVERSIGHT OF ADMINISTRATION: THE POWER OF THE PURSE—II *

THE committees on appropriations have been identified as the outstanding instruments of Congressional oversight. It is timely to conclude an analysis of their influence by comment on their hearings, reports, interim contacts with administrators, and interaction with the organs of administrative supervision.

VI

The formal Congressional hearings on the estimates begin, for some of the bills, before the session opens and before the budget has been presented.[64] Hearings on a routine major bill may run for six weeks of nearly daily sessions. Swelled on the one hand by matter prepared in advance (like the justifications) and by information worked up later at the request of committee members during the hearings (usually inserted at the point where the question appears), the printed hearings have become monumental—more than twenty thousand printed pages of material annually.[65] The bulk has not fallen off noticeably in wartime despite the amount of discussion "off the record".[66]

* The first installment of this article appeared in the June 1943 issue of the QUARTERLY.—ED.

64 Thus the hearings on the 1944 appropriation bill for the Treasury and Post Office Departments began on December 10, 1942.

65 In the 77th Cong., 1st Sess., 1941, the hearings on 26 appropriation bills (which included supplemental and deficiency and some special measures) aggregated 18,129 pages in the House and 4,592 in the Senate—not counting indices—in all 22,721. In 1942 the new chairman of the House Appropriations Committee complained, "The tendency of all of our subcommittees is to go very far afield in our examinations." 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Department of Commerce appropriation bill for 1943*, January 8, 1942, p. 2. But the 1943 hearings gave no evidence of a change.

66 In answer to a complaint in the Senate that a supplemental defense appropriation was being considered on the basis of 62 pages of hearings in the House and before the Senate hearings had been published, Senator McKellar said

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The volume of the hearings is increased by the practice of going around the table, giving each member an opportunity to ask questions about a broad segment of the bill. This is at best a clumsy method of insuring innings for the minority members. The result is duplication and often superficiality, for points are not explored as fully as they might be if all the questions they excite were raised and answered at the same time.

The usefulness of the printed hearings is real but limited. Their great but largely unexplored value for the study of administration is another matter; these records are one of the main outcroppings of administrative methods. Some committee members say privately that the appropriations hearings are "junk". They doubt both whether the mass can be read and whether, if read, it enlightens the legislator. At the time a bill is being finally rewritten in the House committee, moreover, the printed hearings are not easy to use, for the index is not ready. The hearings are not released to the House members generally until the bill is reported; despite some grumbling, this practice is inveterate.[67] In the Senate committee, the House hearings are available for reference. The clerk, in editing the committee print of the bill (wherein he inserts under each item the Budget figure, the sum set in the House, as well as the appropriation for the previous year), gives the page citation to the House hearings.[68]

"About nine-tenths, or probably fifteen-sixteenths, of the testimony that was heard was off the record." *Congressional Record*, 77th Cong., 2nd Sess., vol. 88, p. 789, January 28, 1942. In connection with the State, Commerce, Justice, and Judiciary appropriation bill for 1942, a member of the committee said on the floor, with reference to the hearings, "More than seventy per cent of what was said in the hearings was off the record for obvious reasons." *Congressional Record*, 77th Cong., 1st Sess., vol. 87, p. 2920, April 2, 1941. Yet the subcommittee chairman pointed out that, in the course of nine weeks of hearings, more than two thousand pages of printed record had been built up. *Ibid.*, p. 2908.

[67] See the defense by Clarence Cannon, who said that the refusal to release appropriations hearings until the bill had been reported has existed "for fifty years". *Congressional Record*, 77th Cong., 1st Sess., vol. 87, p. 7916, October 8, 1941.

[68] In a hearing before a Senate subcommittee, however, when a departmental witness said, "I doubt very much whether I can add anything to the hearings

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As an exact record of what is said, the printed hearings are deficient in more respects than the amount of "off the record" material, so identified. The actual proceedings are informal, often rapid; several persons may be talking at once and even the efficient stenographer cannot get all of the remarks. The transcript is submitted to the participants for editing. The effect is usually to clarify the statements and to add to their informational value. But the practice may wipe out some of the color or blur inadvertent admissions.

In editing the transcript, administrators must make close judgments in keeping within the spirit of the custom. Especially they must avoid changing the wording of questions. In commenting on the practice of the Senate Committee on Appropriations in submitting the transcript to the agency spokesmen, Senator Truman said, "The reason that is done is to be sure that the facts are correct and the record shows what is said." Malcolm Kerlin, reflecting caution learned in twelve years as virtual manager of the Department of Commerce, said that the rule of his associates was never to "change the testimony so far as the facts are concerned," adding, "If there is anything to be considered in that connection we always come up and talk with the committee chairman. . . ." [69]

Occasionally administrators are rebuked for the liberties they take with the transcript of their remarks. Thus Senator Adams broke in on a hearing in 1941 to say: [70]

on the House side", the chairman remarked, "We have the House hearings, but I imagine most of us have not read them." 77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearing before a subcommittee on emergency cargo ship construction* (H. J. Res. 77), January 29, 1941.

[69] 77th Cong., 2nd Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the State, Justice, Commerce, and Judiciary appropriation bill for 1943*, p. 131.

[70] 77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearing before a subcommittee on additional appropriations for the TVA*, pp. 39-40. The occasional exercise of discipline may be illustrated further by noting the insistence of a subcommittee chairman in 1937 that the hearings of that year should set forth in full some testimony about visas for visiting lecturers with allegedly radical views—testimony which had been deleted from the printed version of hearings in the previous year. 75th Cong., 3rd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Labor Department appropriation bill for 1939*, p. 273, December 10, 1937.

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> Gentlemen, for the second time we have had an unfortunate experience in connection with the record of proceedings. It is our custom, as you gentlemen know, to have the stenographic records submitted to witnesses, where convenient, so that they may make corrections. The purpose of the record is that we may have printed for our use and the use of members not present a correct transcript of what took place before the committee. Their testimony is submitted to the witnesses in order that they may correct it to show just what took place before the committee — not for the purpose of editing or revision. Unfortunately, the record of our previous meeting has been so extensively edited and revised, I had to send word to print it as it came from the stenographer.

Defense and then war brought additional grounds for conceding leeway to administrators in striking out confidential material. Thus a subcommittee chairman said to the head of the Public Health Service in 1941, after a discussion that impinged on the work of the medical corps of the Army: "Doctor, when your remarks come back to you, you may feel perfectly free to eliminate anything you think might best be left out, and, in some cases, if the situation justifies, you can elaborate on what you have said." [71] But there was possible portent in a statement by a minority member to the Secretary of the Navy in a hearing on appropriations early in 1943: "We are going to ask—at least some of us are—that the resort which has been had in times past by some witnesses to a privilege of deleting the record at their own discretion will have our supervisory action." [72]

The limitations of hearings on appropriations as a method of getting at the facts are admitted by Congressmen who participate in the process. Some of the members who are outspoken about the restricted usefulness of impromptu cross-examination have been lawyers with trial experience and suc-

[71] 77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the first deficiency appropriation bill for 1942*, p. 303.

[72] 78th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the supplemental Navy Department appropriation bill for 1943*, p. 32.

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cessful prosecuting attorneys. Often a broad answer blunts a leading question that is not pressed home. "General," asked former Representative Ross Collins of the Chief of Staff, "have you made any study of the elimination of branches in the Army?" The answer was, "Yes, sir"; and with that the matter was dropped. The interrogation shifted to the average age of enlisted men.[73] Sometimes committee members reveal a kind of defeatism, for they neither fully trust the professional administrator nor know how to challenge him. Thus in the hearings in 1941 on some supplemental national defense items, Senator Adams said to the witness: "Of course, I know that you regard those fields as essential and it would be a perfectly foolish question to ask if you did not think so, but I still have in my own mind a wonderment about it; that is, I just have difficulty in convincing myself that we need this extensive air development in Alaska." But the Senator added, before the discussion went "off the record", "I know that there is no use in asking a fellow who is advocating it whether it is sound or not."[74] There is a temptation to focus on occasional details. An item such as army saddles at $90 apiece is a tempting mark. The amount seems high; the equipment smacks of privilege; and everyone knows something about saddles.[75]

The foregoing comments do not deny the expository value of the hearings. Some of the best interchanges are sheerly explanatory. When a subcommittee has recently acquired jurisdiction over an agency, it may consciously go to school in the agency's methods.[76]

[73] 77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the military establishment appropriation bill for 1942*, p. 32, April 28, 1941.

[74] 77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the first supplemental defense appropriation bill for 1942*, p. 258, August 9, 1941.

[75] 77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the fifth supplemental national defense appropriation bill for 1941*, p. 99.

[76] See, for example, the protracted explanation of weather forecasting in the hearings before the subcommittee in charge of the appropriations for the Commerce Department, to which the Weather Service had recently been transferred.

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Nor do the shortcomings of the method of question and answer deny the galvanizing effect that the mere fear of embarrassing questions may have on the conduct of administration. Inept though it is, and easy though it usually is to parry questions, the annual cross-examination is an ordeal for administrators. On the whole, it is good for them. Some officials at departmental headquarters say that an experience of bureau representatives before a committee teaches more to careless heads of units than lecturing within the department on administrative proprieties. The risk, of course, is that the reflex makes for caution rather than courage. This danger could be lessened by more stress in the hearings on essential results, rather than on methods, provided legislators would make allowance for the extent to which the fruits of governmental action are long-run and indirect.

Sometimes, as with a chairman like Tarver of Georgia, the questioning is insistent. In 1942 he was asking the head of the Division of Labor Standards about safety and health work in industrial establishments. "Can you point out any particular plant, or any particular industry," he queried, "where the work you have done under this appropriation has been beneficial in character? General statements that good has been accomplished do not weigh very much with me." [77] Nor was he satisfied with reports from the field agents themselves.

77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the State, Commerce, Justice, and Judiciary appropriation bill for 1942*, pp. 235-46, February 13, 1941.

[77] 77th Cong., 2nd Session, House Committee on Appropriations, *Hearings before a subcommittee on the Labor-Federal Security appropriation bill for 1943*, p. 164. The aftermath was reflected in the committee report on June 3, 1942. In speaking of a reduction of $50,000 in the appropriation for a safety and health program, the committee conceded its importance in the war effort but added: "The committee sought to secure some tangible evidence that real gains have been made and that the expenditure of the appropriation has been worth while. The representatives of the Department were unable to produce any statistical evidence on the subject which was to any degree conclusive." But $150,000 was allowed "in the hope that the departmental officials will restudy their methods and revamp their program in such fashion as to be able to present a record of accomplishment." 77th Cong., 2nd Sess., House Report No. 2200, June 3, 1942, p. 4. The effect of the foregoing could be seen in the care with which the bureau bolstered its testimony on the point in the 1943

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The effect that the hearings might have in forcing the heads of large units to master their affairs is weakened by permitting, even expecting, subordinates to be present and to testify on their respective bailiwicks. Yet the subcommittees resent the failure of the head of a bureau or like unit to appear.[78]

Consideration of bills in the whole Committee on Appropriations—customarily an affair of an hour or so—is virtually telescoped with the floor debate.[79] A vast majority of the measures—perhaps ninety per cent—are taken up in the House on the same day on which they are considered by the main committee. The "general debate" on appropriation bills has been customarily a vehicle of widely ranging comment, often wholly unrelated to the bill. Such discussion, of course, may be valuable because of its very irrelevancy, which serves the informing rôle of Congress. When, in the past, members have complained that the documents on the bill itself—the text of the measure, the report thereon, and the hearings—have not been available to the members before the beginning of the "general debate", the leaders of the House have explained (in the words of a majority leader about an appropriation bill some years ago) that "general debate on a bill of this sort means a very wide discussion upon things that do not pertain directly to

hearings. 78th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Labor-Federal Security appropriation bill for 1944*, pp. 53-66. But the committee comment was still disparaging and the appropriation was not increased.

[78] Thus, unfavorable notice was taken in 1942 of the fact that a departmental solicitor had not appeared personally for several years. A member remarked: "It is a matter of record that the Commander in Chief of the United States Fleet and the Chief of Naval Operations are glad to come up and give half a day of their time to us. They are never too busy. The Secretary of the Navy and the Secretary of War also appear before us. It would not be strange if an official could not appear one year, but if he did not appear for many years, it would be difficult to understand." 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Interior Department appropriation bill for 1943*, pp. 99-100.

[79] In the 77th Cong., 1st Sess., 1941, on 26 appropriation measures (carrying a total of 55 billion dollars) the House discussion occupied 1,017 pages in the *Congressional Record*, with 100 pages more on the conference reports; the Senate discussion occupied 400 pages, with 38 additional on the conference reports.

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the bill which is supposed to be before the House." [80] Certainly the ideal of a broad congressional consideration of major measures—to say nothing of a whole budgetary program—has not been realized. While the bills individually move in fragmentary fashion through the committee of the whole, the subcommittees are in charge; the chances favor their amendments.[81]

Under the conditions, attendance is slight. It does not follow from this one fact, of course, that the bills are not receiving consideration; for government by discussion may proceed largely through the printed word. In the debate on a recent defense appropriation measure, when a caustic minority member took note of the small number on the floor, a member of the majority rebuked him with the statement that "we should be cautious about statements that may lead the public to believe that the Congress is not at work unless they are all on the floor." He added: "Can we not study this bill, both Democrats and Republicans, in our offices, by consulting the departments, and in the library studying measures over, just as well as here?" [82] The caveat was well said; for confidence in the legislative process should not rest upon a forensic fantasy. In this instance, however, the picture of cloistered documentary research was likewise unreal. Said the minority member, resuming his taunt:

> This bill did not come to the Committee on Appropriations until 11 o'clock. They did not have a chance to get the bill here on the floor until 12 o'clock. The gentleman did not get a chance to see the bill after 12 o'clock. It is now 2:35 o'clock, p. m. How much time did the members have to look at it? I will wager the gentleman never has read the bill.

[80] *Congressional Record*, 70th Cong., 1st Sess., vol. 69, p. 2204, January 30, 1928.

[81] On 26 appropriation bills in the 77th Cong., 1st Sess., 1941, 263 amendments were offered in the House, 25 being committee amendments; 94 were adopted, including all of the committee amendments. In the Senate, 1,067 amendments were offered, 967 being committee amendments; 1,016 were adopted, including 959 committee amendments.

[82] *Congressional Record*, 77th Cong., 1st Sess., vol. 87, p. 2474, March 21, 1941.

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From the standpoint of legislative oversight of administration, one of the most vital features of floor action on appropriations is the way it may strengthen or qualify the directive force of the committee reports as guides to administration through the year.

VII

The reports of the committees on appropriations, especially of the House, are prime instruments of legislative control. These reports command increasing notice by administrators, while they raise problems of responsibility that deserve more analysis than they have yet received.

Each bill is accompanied to the floor by a report. This is a pamphlet which, in the case of the regular appropriation bills in the House, runs from twenty-five to fifty pages, including tables.[83] The report is the work of the subcommittee. The full Committee on Appropriations seldom alters a document which, indeed, has already been printed provisionally. More particularly, the report is the handiwork of the subcommittee chairman and of the assistant clerk regularly assigned to the group. Their respective parts in the actual preparation of a report vary with personalities and circumstances. The rôle of the clerk is necessarily heavy; the writing is apt to fall to him. The product must be appraised in the light of the fact that, in the exigent rhythm of appropriations, an assistant clerk (who often covers two subcommittees, each with jurisdiction over many agencies) has at the most a week of day-and-night work in which to frame the report after the subcommittee has "marked up" the bill in executive session.

In drafting the report, the departmental officers are sometimes consulted. In at least one case in recent years, the departmental budget officer sat through a week-end with the committee clerk in framing many parts of the report. Under these circumstances, naturally, the report is likely to contain remarks that later will provide fulcrums whereby the department can exercise leverage upon its self-assertive parts. Such a nexus

[83] In the 77th Cong., 1st Sess., 1941, the House reports on 26 appropriation bills totaled 726 pages; the Senate reports, 140 pages.

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of departmental leaders and committee clerks is more than interesting. It is highly significant, for it illustrates two things: first, that the disciplinary strains in government are not a simple alignment of administration as a whole against the legislative body; second, that the pressure of the legislative body may be exerted in fortifying the central machinery within the administration itself. But reciprocal centripetalism is not simple; organs of over-all supervision like the Bureau of the Budget must be considered. Sometimes legislative pressure may strengthen the independent position of favored agencies. To the fundamental problem of the interaction of the several sources of discipline—legislative, over-all executive, and departmental—it will be necessary to return in later paragraphs.

The sanctions of the reports are extralegal. Here is an uncertain field of custom. Strictly speaking, what is said in the report does not enter into the law that must be followed by the Treasury and the General Accounting Office. But when the National Labor Relations Board once so argued, one of the oldest and most respected of departmental budget officers submitted an informal opinion that he knew of no instance where an agency had asserted the right to disregard a mandate in a report from the Appropriations Committee. The difficulty lies in determining what is a mandate. In the reports are mingled many shades of suggestions, of precise recommendations, of doubts, of warnings, of commendations, and of rebukes. It is the difficult task of administrators to construe the reports and to identify the commands and interdictions which the committee intends to have an intrinsic force, not merely advisory value.

The efficacy of committee reports is the fact that disregard of them may lead to a cut in appropriations in the following year. A follow-through is the more likely because, amid the vastness of the governmental operations as presented in the estimates, committees are repetitive; members repeat old questions and pursue old strictures. An illustration shows one type of situation. A recent committee comment on a phase of the work of the Social Security Board stated:

> The reduction in the estimate is made because of a dissatisfaction of the committee with the administrative cost of carrying

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> on the unemployment compensation program of the various states during the past year. The committee called attention in its report last year to the great disparity that existed in the administrative costs in the various states of carrying out the program of providing compensation for the unemployed. In that report, the committee enjoined the Board "to give this matter immediate consideration with a view of reducing the variables that enter into the picture." If anything has been done in this connection, it is not readily evident. . . . The committee expects the Board to exercise this discretion in cases where it is evident the states are spending too much money in administering this program. The committee again emphatically suggests that the Board devote its earnest attention to bringing about some element of uniformity in the matter of these administrative costs.[84]

In the Senate subcommittee hearings a year later the foregoing language was recalled and the departmental witness was asked, "What did you do with reference to that admonition?" [85]

A warning in the report is likely to lead to a question of some sort in the following year, perhaps a second complaint. The very fact that the matter can come up again reveals the limited compulsion of committee verbiage. For example, the report on the Social Security appropriations in 1941 quoted from the committee's report for the preceding year, which criticized the standards of the Children's Bureau regarding medical practitioners entitled to participate in services administered under federal grants-in-aid. The committee had found itself "unable to endorse the wisdom of such a policy of exclusion" [86] and had suggested that the bureau reconsider its requirements. But the report in the following year declared that no consideration had thus far been given to the suggestion. Accordingly, it was said, "the committee desires again to call attention to the matter and to request emphatically that the responsible offi-

[84] 77th Cong., 1st Sess., House Report No. 688, p. 33.

[85] 77th Cong., 2nd Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the Labor-Federal Security appropriation bill for 1942*, p. 124.

[86] 77th Cong., 1st Sess., House Report No. 688, p. 11.

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cials of the Department of Labor give immediate and objective consideration to the proposal." [87]

Some of the ambiguities that attend the application of language in committee reports were notably illustrated in several years of wrangling over the affairs of the National Labor Relations Board. A butt of attack in 1940 was its Division of Economic Research. In the administration of the act the head of this unit was often brought to the firing line when testifying in cases; besides, in the rifts of leftward factionalism, he seems to have been under some cross fire from his own associates. The original grounds of assault on the Division in the appropriations subcommittee did not, however, purport to be personal; it was argued that the law did not authorize the Board to engage in "research" which in any case could be done by the Bureau of Labor Statistics. The committee, in its report on the Labor-Federal Security appropriation bill for 1941, reduced the Board's appropriation for the fiscal year 1941 by $337,000. The report carried a table "as a guide to the committee's general attitude." The report added, "It is felt, however, that no need exists for a Division of Economic Research and it is expected that this section will be entirely eliminated." [88] The committee felt itself fortified by the fact that on the floor an amendment to restore the deleted amount was defeated, 160 to 92. The Senate committee undertook to cancel the proposed cut; its report indicated a desire to continue the Division of Economic Research. But in conference the figure set by the House prevailed. Two days before the new fiscal year began the Board abolished the Division and transferred most of its personnel to a new unit called the Division of Technical Service. In mid-summer the House group on

[87] 77th Cong., 2nd Sess., House Report No. 2200, p. 7. In 1943, despite continuing bureau protests, an express proviso on the matter in question was inserted in the appropriation act for 1944.

[88] 76th Cong., 3rd Sess., House Report No. 1822, p. 36. The report said: "The committee does not desire it to be understood that in effecting these reductions indicated the Board must necessarily make decreases in the exact amounts indicated in this table as it is probable that many variations will essentially have to be made from this pattern for the purpose of serving good administration. . . . If good administration demands that variations be made in the amounts shown above, the committee will entertain no objection."

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Labor-Federal Security appropriations—at the time outstanding among the subcommittees for parental and disciplinary zeal under the chairmanship of "Judge" Tarver of Georgia—was stirred to action by newspaper comment and by information from the special committee then investigating the National Labor Relations Board.[89] The subcommittee was convened in a supplemental hearing. Late in August Mr. Tarver spoke before the subcommittee on deficiencies. It was his belief

> that directions given in the reports of the Appropriations Committee as to the purposes for which the funds carried in an appropriation bill should or should not be used, when those directions have been expressly approved by action thereafter of the Congress itself, have been universally accorded consideration by departmental authorities as constituting mandates by Congress as to the uses to which the funds carried in the appropria tion bill, to which the report related, might be put.

The representative of the Board defended its action partly on the ground that "we have an opinion of the Comptroller General on the subject of the legality of the Board's action in retaining those people."[90] He added:

> . . . the Board, in taking the action that they did take, were confronted with a serious and very painful dilemma . . . the Board concluded that a certain amount of the activities then being carried on by the division were absolutely essential to the proper conduct of our work. . . . We made sure that as far as we could determine what activities then carried on by the division seemed utterly objectionable to the subcommittee were to be eliminated.

Mr. Tarver, for his part, did "not think that any other department has ever undertaken so flagrantly to disregard a direction

[89] The personal angle given to the affair was illustrated in the headline of the item in the *New York Times*, August 2, 1940: "Assert NLRB Defied Congress on Saposs".

[90] 76th Cong., 3rd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the supplemental civil functions appropriations for 1941*, p. 486, August 27, 1940.

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of the Congress." [91] The report prepared by the subcommittee on deficiencies was severe. "The committee", it stated, "feels that the action of the board is contrary to the intent of Congress as expressed in the report of the committee. . . ." [92] A provision was inserted in the bill, as follows: "After the date of the enactment of this Act, none of the appropriation 'Salaries, National Labor Relations Board, 1941,' shall be obligated for the Division of Economic Research or for the Division of Technical Service." [93]

A little later the subcommittee on Labor-Federal Security appropriations seemed friendlier toward the National Labor Relations Board, which meanwhile had been altered in membership.[94] But within a year scolding was resumed. Again the grievance was alleged disregard of language in a committee report, although now the particular ground was a technical matter of salary increases. In the hearing on April 23, 1942, Mr. Tarver declared:

> It makes no difference whether there might have been a legal obligation on the part of the Government to pay these increased salaries, and I understand that it is admitted that there was not, so far as the salaries of field employees are concerned, but even if there were such a legal obligation, the National Labor Relations Board could not properly spend money . . . for uses which are expressly negatived in the report of the committee in connection with the bill making available to it such funds. In other words, Congress said, in approving this report, that you should not use any of this money to raise the salaries of field employees.[95]

[91] *Ibid.*, p. 475.

[92] 76th Cong., 3rd Sess., House Report No. 2966, p. 14.

[93] 76th Cong., 3rd Sess., Public No. 812, ch. 780.

[94] The committee report on the regular appropriation for the fiscal year 1942 remarked: "Since the committee had occasion during the past fiscal year to deal with the appropriations for the National Labor Relations Board, the Board has undergone a reorganization, and it appears from the evidence given the committee that there is a genuine cooperative spirit now existing. . . ." 77th Cong., 1st Sess., House Report No. 688, June 2, 1941, p. 40.

[95] 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Labor-Federal Security appropriation bill for 1943,*

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The subcommittee would not condone the action even though the Board had explained the matter to the Bureau of the Budget and to the deficiencies subcommittee. The subsequent committee report sharpened the rebuke. "This is the second occasion within two years", it ran, "in which the National Labor Relations Board has expended funds for a purpose denied by action of Congress."[96] The appropriation was reduced by $46,000—the amount of the allegedly illegal salary increases. The committee expressed the hope "that it will not again be confronted with disregard of the direct mandate of Congress by this agency." Incidentally, the report deplored what it believed to be the Board's practice in leaving a large part of its administrative responsibility to subordinate officials.

A committee report can be a means of chastisement by which errors are set forth for other departments to see and to shun. An unusual but revealing instance of such censure was found in the 1941 report that accompanied the agricultural appropriation bill.[97] Under the heading, "integrity of sources of infor-

p. 550, April 23, 1942. The Board had taken the position that the reallocation of certain field positions was mandatory under the Comptroller General's rulings and accordingly had effected it at an annual cost of $46,000.

[96] 77th Cong., 2nd Sess., House Report No. 2200, June 3, 1942, p. 23. For echoes of the controversy, see also the hearings and report on the second supplemental national defense appropriation bill for 1943. 77th Cong., 2nd Sess., House Report No. 2519, October 8, 1942, p. 20. In the hearing on September 30, G. D. Reilly, member of the Board, stated that the subcommittee leaders had told him the "action was not taken because they wanted the Board to have salaries lower than those prevailing in the field staffs of other agencies but because the subcommittee felt the Board had disregarded the intent of Congress."

[97] The censure did not extend to the central machinery of the Department of Agriculture, within which the REA had been placed in 1939. It is apposite to remark that the value to administrators of the confidence of the subcommittees on appropriations can hardly be overstated. The ability to earn and retain such confidence is perhaps the most useful single quality in a departmental budget officer. Like a good deal that belongs under the head of honesty, the trait rests in part on an outward eye and a scrupulous and retentive memory. Of William A. Jump, veteran director of finance in the Department of Agriculture, it is said that he is one man from whom the subcommittee is prepared to accept at its face value and without detailed substantiation any statement that he makes.

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ıation of committees of Congress", the following comment as made:

> Since Congress and its committees are not armed with facilities to make personal and field investigations, it must rely upon the accuracy of data and facts which are from time to time submitted by the executive agencies of the Government. During the hearings on the agricultural appropriation bill the committee was confronted with a situation involving a basic question which, although related to a relatively minor matter, not only eclipses the matter itself, but transcends in importance the activities of the agency and its relations with the Committee on Appropriations or its subcommittee and goes to the very vitals of the relationship between the committees of the House and Senate and the executive agencies of the Government. The committee was furnished, by the Rural Electrification Administration, on request, certain information in regard to promotions which, it now develops, was not wholly accurate. The matter is presented to the House in this report on account of the importance of absolute good faith on the part of the officers and employees of the executive branch in dealing with the Congress.[98]

he situation immediately at issue did involve administrative relessness at the intermediate level in a thoroughly well-tentioned, unusually energetic, imaginative, truly efficient, ıt new organization. In late years the subcommittees on appriations have been suspicious of within-grade promotions. 1940 an alert and persistent member of the minority, Mr. irksen of Illinois, began to pluck at the REA's raveled eve.[99] Statements were obtained from the REA itself, from e personnel office of the Department, and from the General ccounting Office. When once Mr. Dirksen had found discpancies he would not let go; 1942 found him still engaged a punitive quest. Meanwhile, the committee, in alluding to his regrettable series of incidents" in its 1941 report, added

[8] 77th Cong., 1st Sess., House Report No. 176, p. 5.

[9] As part of the punishment, the appropriation for REA salaries for the al year 1941 prohibited the use of funds "to pay the salary of any person o received as many as three steps of administrative within-grade promotion" ler certain conditions, which were specified.

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the admonition: "The attention of other agencies of the Go ernment is also invited to the matter and a reading of the hea ings, appearing on pages 232-261, volume 2, is suggested To the observer there was in all this more than a touch of t selectively persecutive tenacity that at times seems to mar M Dirksen's admirable energy. The observer wonders why it so often agencies like the Rural Electrification Administrati and the National Labor Relations Board that stay in troub At all events, the misdeeds of the REA were dealt with on again in the report on the appropriations for 1943. The Secr tary of Agriculture was quoted as having told the committ on November 15, 1941 that his investigation "fully support Mr. Dirksen's contention that the promotion figures submitt by the Rural Electrification Administration" were inaccura The Secretary informed the committee that the assistant admi istrator of the REA had been reprimanded, the chief of info mation removed, and the budget officer of the agency suspend for thirty days. "The Secretary", concluded the committe comment, "is to be commended for this expeditious, forthrig and resolute disposition of this regrettable matter." [100]

The foregoing instances have at least ostensibly concern oversight of administration in its narrower sense. More i portant is the leverage exerted by the appropriations comm tees upon administrative policy. An illustration may be dra from the field of rural electrification. A recent committee port remarked that "during the hearings some difference opinion developed between members of the committee and o cials of the Rural Electrification Administration as to the tent to which the Administration should go in aiding cooperatives after they have completed their construction p grams and are operating." The report conceded that a deg of continuing supervision was necessary to protect the gove ment's interest in its loans. "The committee", it declared, not opposed to this educational program in its entirety bu of the opinion that intensive work of this character should confined to the period of a year or two immediately after a n

[100] 77th Cong., 2nd Sess., House Report No. 1848, March 2, 1942, pp. 1

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ne goes into operation and that thereafter a much less ex-ensive program would suffice." [101]

A significant example of a committee judgment on adminis-rative policy concerned inspections under the Fair Labor tandards Act. The issue was one of method but it involved ie efficient enforcement of the act as a whole. In 1941 the ubcommittee declined to allow funds to increase the inspectors rom 930 to 1,070.[102] At the rate of fifteen inspections per ionth per inspector, the larger force could "inspect every one f the 300,000 firms covered by the provisions of the act on the verage of about once every 18 months." [103] "As a matter of olicy", declared the report, "the committee is unable to find ny justification for placing the inspection on a basis of inspect-ig each and every plant that might be covered by the act." he committee believed that inspections should be confined to ollowing up complaints or sample checking of industries. he 1942 report of the committee quoted its statement of policy 1 the preceding year. It noted, further, that an amendment o increase the amount for inspection had been defeated on the louse floor, thus directly approving the committee's position. It now develops", ran the 1942 report, "that the officials of ie Department charged with enforcement of the law have ailed to adopt the spot-checking system approved by the Con-ress." [104] The report continued:

[101] 77th Cong., 1st Sess., House Report No. 176, p. 20.

[102] The head of the Wage and Hour Division stated in a letter placed in e hearings: "I am convinced that nothing short of an inspection of every ie of the more than 300,000 establishments in which employees subject to the t are employed will give assurance of fair and uniform compliance with the t in every one of the states and territories." 77th Cong., 1st Sess., House ommittee on Appropriations, *Hearings before a subcommittee on the Labor-ederal Security appropriation bill for 1942*, p. 3.

[103] 77th Cong., 1st Sess., House Report No. 688, June 2, 1941, p. 13.

[104] 77th Cong., 2nd Sess., House Report No. 2200, pp. 8-9. On the other de, the Department did claim that it had regretfully altered its methods after e rebuff in 1941. In the hearings in 1942, the Secretary of Labor said to e subcommittee: "You made it pretty clear to us in your report that the idea working toward total routine inspection technique was beyond the likelihood at Congress would ever appropriate sufficient funds to support such routine

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> The Congress cannot pursue these matters into the administra tive branch of the Government and enforce its own direction and must of necessity rely upon officials of the various depar ments to carry out faithfully the policies established and th directives given to them by the Congress, but adequate metho for securing compliance are available to the Congress if admi istrative officers do not heed congressional intent as expressed i reports and debates.

The appropriation was reduced, while the attention of th Wage and Hour Division was called to " the desire of Congres that the enforcement of the law be carried out on a spot-check ing basis " and that there was " no intention of abandoning a effort to see that the recommended procedure is followed."

Sometimes the strictures in the reports merely put adminis trators under notice that certain results are expected and tha information on them must be submitted in the future. There i endless variation, of course, in the nature of the compulsion ap plied, the response expected, and the time allowed. Thu notice is often served that, as a condition to the approval c funds for the year beyond that for which appropriations ar being made, specified information must be presented to th subcommittee.[105] The span of appraisal may be longer than

inspection. Therefore, we revised our program. . . ." 77th Cong., 2nd Ses House Committee on Appropriations, *Hearings before a subcommittee on th Labor-Federal Security appropriation bill for 1943*, p. 24. In 1943 the ne head of the Wage and Hour Division, when asked before the subcommitt whether its judgment in insisting upon the spot-check method had not bee shown to be wise, answered, " I am grateful to be able to join you in th judgment of the committee." 78th Cong., 1st Sess., House Committee on A propriations, *Hearings before a subcommittee on the Labor-Federal Securi appropriation bill for 1944*, p. 161.

[105] For example, the report of February 17, 1938 on Commerce appropri tions for the fiscal year 1939 said of certain air navigation facilities: " Befo approving the estimate for the fiscal year 1940, in any amount for this iter the committee will require of the Department of Commerce a full report c this subject, showing not only the results that will accrue by the employme of the ultra-high frequencies on radio ranges, but, in addition, a long-ter program that will effect the change-over, without impairment of safety, fro the present system to the 'last word' in proved technical design." 75th Cong 3rd Sess., House Report No. 1830, p. 19.

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year. In the report a few years ago on agricultural appropriations the committee said of the four regional laboratories set up especially for the discovery of new outlets for farm products: "At the hearings the Department representatives were challenged to achieve results within ten years which will consume sufficient surpluses and be of sufficient commercial advantage to justify the expenditures under this head and if not to discontinue the laboratories. This challenge was accepted both by the Bureau chief in charge of the work and by Dr. Jardine, Director of Research for the Department." [106] In reporting the agricultural appropriation bill in April 1943, the committee recalled the original challenge, adding: "Annually, hereafter, the committee has closely examined the work of these laboratories in the light of the ten year pledge quoted above." [107]

Illustrative of a type of warning that is strengthened by the intimation of a later question was the following in a 1940 report: "The committee in calling attention to these violations of an express inhibition in the statute desires to serve notice that the practice of using official cars for private business must be stopped at once. An appropriate inquiry will be made in the future to determine whether this admonition has been heeded." [108] Even more pointed was the complaint in 1943 about civilian contract employees in the Navy Department. The report stated that "the committee is not satisfied with the manner in which such authority has been exercised." It added a warning:

> There should be a curtailment of not less than 25 per cent in numbers as early as separations, with proper notification, may be effected. It is the purpose of the committee, in connection with the regular 1944 naval appropriation bill either (1) to pursue this matter further itself, based upon a presentation already

[106] 76th Cong., 3rd Sess., House Report No. 1540, p. 12. In the report in the following year the challenge was renewed. 77th Cong., 1st Sess., House Report No. 126, p. 13.

[107] 78th Cong., 1st Sess., House Report No. 354, p. 12.

[108] 76th Cong., 3rd Sess., House Report No. 1822, March 21, 1940, p. 4.

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called for in harmony with the letter and spirit of existing authority, or (2) to undertake a special inquiry under the investigative powers with which the committee recently has been clothed.[109]

Enough has been said to show the range of intervention in administration through language in reports of the appropriations committees. Much ambiguity attends this method of oversight. Several factors affect the degree to which an administrator must regard any particular bit of verbiage as mandatory. How precise is it? Was the point raised in the hearings and, if so, was it dwelt upon? Did the administrator himself make any admission or commitment? Did the legislative body give any especial attention to the item in question? Especially, was there a vote upon it, as in the rejection of an amendment not desired by the subcommittee? The foregoing are some of the circumstances which the administrator must consider. His exercise of judgment is apt to be harder because he must reckon with two chambers.[110]

[109] 78th Cong., 1st Sess., House Report No. 202, p. 5. As to investigative methods under H. Res. 69, down to the middle of 1943, about fifteen different persons had been borrowed from other agencies on a reimbursable basis for assignments of several days or weeks. Meanwhile 200 employees had been interviewed in building a "pool" of available temporary investigators.

[110] A minor example of the ambiguities of bicameralism was found in a colloquy over Post Office appropriations before a Senate subcommittee. The House report had stated that twenty additional inspectors for national defense work were "allowed by the committee with the definite understanding that they are provided for the emergency and are temporary." A departmental spokesman told the Senate subcommittee that it would be embarrassing to train men and then to let them go. Thereupon the following interchange occurred:

"Senator Hayden. Well, I was wondering whether you had given the House committee assurances to that effect.
Mr. Aldrich. We did not.
Senator Hayden. This is dictum on their part.
Mr. Aldrich. This is their own restriction.
Senator Hayden. You do not agree with the House?
Mr. Aldrich. No, sir; we do not agree with it."

77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before subcommittee on the Treasury and Post Office appropriation bill for the fiscal year 1942*, p. 22, March 7, 1941.

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VIII

The discussion thus far has mainly concerned direct relations between subcommittees and administrators when appropriations are being made. It is appropriate to consider interim contacts during the year. As a background, it is necessary first to comment on the nature of appropriations in the national government of the United States.

The form and content of appropriating legislation in the national government have received very little analysis, official or academic. It has been the accretion of practice, for the most part stubbornly repetitive, but shaped in the past by countless forgotten situations. The result is highly uneven; there is no standard unit. Within the Department of Agriculture, as Verne Lewis has pointed out, some of the items "were as small as $5,000; other items were as large as $500,000,000." [111]

Once a breakdown of appropriation items has become customary, the tendency is to perpetuate it. Comparison from year to year is aided by repetition, which indeed is encouraged by the law and by the Budget Bureau's instructions.[112] Sometimes, where appropriations have been segregated, efforts at simplification are defeated by outraged subcommittee members who cling to items that have a local habitation and a name. If space allowed, it would be instructive to trace a decade of largely frustrated attempts to consolidate the relatively numerous items for such matters as Indian hospitals and schools.[113]

[111] John M. Gaus and Leon O. Wolcott, *Public Administration and the United States Department of Agriculture* (Chicago, Public Administration Service, 1940), Appendix A, by Verne Lewis, p. 410. Verne Lewis adds: "Of the 175 items for the fiscal year 1939-1940, 145 or about 80 per cent, ranged from $5,000 to $900,000, yet they equaled only 2.5 per cent of the total appropriation for the Department.

[112] Circular No. 391, June 10, 1942, in giving instructions for the submission of estimates for fiscal 1944, stated: "The arrangement of estimates of annual appropriations will follow that of the corresponding appropriations in the appropriation act for the fiscal year 1943."

[113] See 72nd Cong., Senate Report No. 25, and 73rd Cong., House Document No. 206, for the early stages of an effort at reform which was again defeated in 1942. Said members then: "Now this committee has always insisted since the days of old Bill Hastings that the appropriations for these schools be made

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But Congress does not always insist upon retaining a stereotyped itemization. In 1939, for example, the subcommittee in charge of funds for penal institutions favored a consolidation of appropriations in order to provide flexibility "and bring about a uniformity in working conditions which is not possible when each institution is appropriated for separately." [114]

The prevailing type of breakdown in national appropriations truly evades definition. "Lump sum" is hardly the term for it, apart from some emergency appropriations. But the usual categories are broad. Because of the scope of the ordinary item, the appropriation language itself leaves wide administrative leeway. A crucial question, therefore, is the continuing force of the highly detailed preparatory material: the estimates, the justifications, and remarks made by the administrators in the hearings.[115]

Here is an uncertain area of administration upon which administrators themselves are hesitant to generalize. So far as the "law" goes, the preparatory materials have no effect; only the language of the appropriation acts and of the permanent legislation counts. Of course everyone assumes that the money will be spent in about the manner that the departments have stated. But hardly exactly. For the estimates are so highly detailed that they could not be made literally binding without inconvenience. The practical need, therefore, is to distinguish allowable from improper types and degrees of deviation. The distinction is crucial in the relation of law to administration. Its enforcement is one of the most difficult questions in the exercise of legislative oversight.

in separate items. . . . If the subcommittees and the Congress yield the power of making specific appropriations, not only in this bill but in the other bills in which it has been urged, we will destroy the power of the people over the purse." 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Interior Department appropriation bill for 1943*, Part 2, pp. 577, 582.

[114] 76th Cong., 1st Sess., House Report No. 658, p. 20. On the assumption of savings through "greater administrative elasticity", the appropriation was cut by $50,000.

[115] Under exceptional circumstances, the schedules of the Budget may be incorporated by reference in an appropriation act. For example, see 77th Cong., 1st Sess., Public Law 144, approved July 1, 1941.

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The prepared material that goes to the appropriations committees comprises three elements. First, the estimate for the appropriation item in question gives the exact phraseology which, if all goes well, will be incorporated in the law. Attendant notations show what was actually spent for the corresponding item in the last completed fiscal year, what was appropriated for the year in progress, set beside the amount asked for the new year. Second, the so-called "green sheets" break the estimate down by "objects" and sometimes (though this is still an innovation) by purposes also. Under "personal services", for example, the "green sheets", carried in revised form into the printed budget, show the grade, title, number employed, and salary, for the three years that are compared, as an expenditure, as an appropriation, and as an estimate, respectively. Finally, the justification is an elaborate explanation and argument which seeks especially to show the reasons for any proposed changes from previous years. The justifications are not printed in the budget. They remain in typed or mimeographed form unless they are incorporated in the printed hearings. In any case they are supplemented by the oral testimony in the hearings, bolstered in turn by information submitted on questions raised therein. All of these elements may enter into the problem of the binding force of the estimate, but the issue turns mainly on two classes of information: first, the material in the "green sheets" as carried into the budget; and, second, statements in the hearings which may be construed as promises.

This is a difficult, highly empirical field for practical judgments by administrators on the nature of their obligation. The agencies differ in the degree to which they seek to stick literally to the estimates. Some find it easier than others; much depends on the tempo and the need for adjustment. The "green sheet" schedules on proposed personnel, for example, are too detailed to be rigorously binding on any agency.[116] The atti-

[116] Even Senator McKellar implied approximation, not absolute compliance, when he grumbled to a departmental witness, "I think you ought to stick right close to what the Budget estimate provides." 78th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the Treasury and Post Office appropriation bill for 1944*, p. 82.

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tude of different units varies with their experience. The head of a bureau which has been caught and chastised is jumpy and watchful. Some years ago the estimates meant less than they do now, but recently enough administrators have been in trouble to put all on guard. Sometimes, when consultation seems necessary in the face of a need to disregard the plan of expenditure in the estimates, the Bureau of the Budget is visited. But on occasion it is deemed advisable to clear with a House appropriations subcommittee.[117]

Discipline may follow a departure from the estimates without prior consultation with the subcommittee. An instance of such punishment involved the administrative division in the Department of Justice. A report in 1940 stated that in the previous year the committee had approved certain additions to personnel "on the basis of testimony presented the committee indicating that a genuine need existed for the positions requested."[118] The report continued:

> It appears, however, that instead of filling positions, the justification for which had been established to the satisfaction of the committee, the Department set up two new positions — one at $6,500 and one at $4,600 — without securing previous congressional approval for such use of funds. Appropriations made in good faith for particular purposes must be used in good faith for such purposes and the tables of expenditures and estimates in the Budget must present a true picture with respect to each position authorized. The committee are eliminating the $11,100 from the appropriation which represents the sum used for the purpose of filling these two positions.

[117] Thus in 1941 the Bureau of the Census faced a heavy emergency task in providing information germane to proof of citizenship. The subcommittee, duly convened and consulted, said it would be all right under the circumstances to spend money appropriated for a somewhat different purpose. The deputy head of another bureau, who had consulted the subcommittee on Labor-Federal Security about an adjustment during the year, was asked by the observer whether he had taken it up also with the Bureau of the Budget. "No," he replied, "we went where our friends are."

[118] 76th Cong., 3rd Sess., House Report No. 1575, February 6, 1940, p. 24. The Department of Justice was attempting to provide for a new personnel officer in accordance with the executive order of June 1938.

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The degree to which the estimates are binding must be construed in the context of remarks made in the hearings. Much depends upon whether the subcommittee expressly raised a point that led the administrative officer to make a pledge. Sometimes the officer declines to make a promise. Thus in the 1941 hearings on appropriations for the Civil Aeronautics Authority, a senator asked: "There is $25,000,000 in this bill, then, for pilot training?" The agency representative replied: "Yes, sir; but as to how is the best way to spend that I would rather not commit myself, because what I say here would bind us." [119]

The subcommittees sometimes expressly say that there is room for administrative leeway. This may be done when the Budget figure has been cut and the tables from the "green sheets" no longer fit. A committee report in 1940, when discussing the appropriations for forest protection and management which the subcommittee had reduced by more than two million dollars, remarked: "The committee's action is predicated on the further consideration that the Forest Service will have, by an understanding with the committee, discretion to allocate the appropriation to the several subprojects under this head irrespective of any earmarking that may have been set up in the Budget." [120] Similarly, after trimming an appropriation for the Bureau of Immigration and Naturalization, the committee reported: "It is the intention of the committee that the reduction of $298,000 in the Budget estimates should be applied to such phases of the expansion program as the dictates of effective administration demand." [121]

[119] 77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the State, Commerce, Justice, and Judiciary appropriations.*

[120] 76th Cong., 3rd Sess., House Report No. 1540, January 30, 1940, p. 7.

[121] 77th Cong., 1st Sess., House Report No. 360, p. 37. See also the remark in connection with a cut of $236,000 in a fourteen million dollar estimate for air navigation facilities: ". . . the committee did not feel that it was sufficiently conversant with all of the detailed needs of this unit to endeavor to make specifications as to which positions should be allowed and which disapproved." *Ibid.*, p. 19.

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Subcommittees on appropriations have sometimes required that quarterly or other periodical reports should be filed with them. This may be offered as a substitute for details in appropriations. Following a trip of inspection in 1941 through the foreign posts of the United States in Latin American countries, the subcommittee in charge of State Department appropriations favored increased funds for the improvement of the posts as well as for a program of friendly relations. In reporting the bill, the committee said: "The committee was at first disposed to earmark each of the projects in the bill in order that controls might be exercised over the expenditure of the money, but on reconsideration it was the thought of the committee that the relative need of the different South and Central American nations for the various services proposed under this heading must change with the passage of time." [122] Therefore a lump sum was granted with the understanding that "in general, the expenditures under the appropriation will follow the projects explained in detail before the committee." The report added:

> In order that the committee might be fully informed as to the direction in which the Department is moving with the use of these funds, it is suggested that a brief quarterly progress report be filed with the chairman of the subcommittee during the next fiscal year, giving the amount of expenditure during the preceding quarter under each project, and setting forth changes that have taken place in the complexion of the project as originally projected at the time of the hearings on this bill.

On occasion the mildly disciplinary prerogative of exacting current reports has been shared by the legislative committees with the committees on appropriations.[123]

What is impressive, in tendency if not as matured fact, is the extent to which administrators meet with appropriations subcommittees in *ad hoc* sessions during the year. Sometimes

[122] 77th Cong., 2nd Sess., House Report No. 1771, p. 15.

[123] A supplemental national defense appropriation act for 1941, for example, provided that the Secretary of War should submit monthly reports on all cost-plus-a-fixed-fee contracts to the respective chairmen of the Senate and House committees on appropriations as well as military affairs. See 76th Cong., 3rd Sess., House Report No. 2866, September 26, 1940, pp. 9-10.

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the administrators themselves seek the contact as a safeguard; sometimes they are summoned for admonition or worse. The subcommittees vary in the degree to which they engage in such activity. Much depends upon the chairman. But generally speaking, interim supervisory relationships are increasing.

IX

What has been said about continuous control leads directly to the relations of the appropriating groups to the Budget Bureau and generally to the organs of administrative management.

The degree of exactness with which the amounts of the annual appropriations follow the Budget estimates is beside the point of the present inquiry.[124] Negatively, at least, a Budget recommendation is almost an absolute prerequisite of House action.[125] Indeed, members of the Senate appropriations group complain that House conferees frustrate the Senate's initiative by standing in conference against any item that has not been recommended by the Budget.[126] But this does not

[124] In 26 appropriation bills enacted in the 77th Cong., 1st Sess., 1941, the House reports showed 1,801 items, of which the House increased 103 above the Budget estimates while it decreased 542. The Senate then increased 453 items above the House figure and reduced 16. The enacted total was $55,325,771,373, against Budget estimates aggregating $53,133,772,689.

[125] In a hearing on September 13, 1940, a member of the deficiencies subcommittee said to a witness: "You know, Admiral, also, do you not, that on the basis of experience there is an understanding in the Appropriations deficiencies committee that no item shall be approved by the committee which has not been approved by the Budget?" Here the ranking majority member broke in with the remark, "That does not apply to defense items." 76th Cong., 3rd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the third supplemental national defense appropriation bill for 1941*, p. 17.

[126] The late Senator Adams of Colorado, a wheel horse of the Senate committee, said in a hearing on April 15, 1941: "We have tried to put some items in the Senate thinking under our constitutional authority we have the right to amend an appropriation bill. However, we have been confronted with the very adamant mental attitude when we tried that because the particular items were not in the Budget and that seems to be the law and the gospel which they seek to apply to us." 77th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the War Department civil functions appropriation bill for 1942*, p. 49.

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mean that the subcommittees are unwilling to go behind the Budget figure. Fairly typical was the question put by a subcommittee chairman to the representative of the Civil Aeronautics Authority: "We will start off by asking you how much you asked the Budget for."[127] Typical of many administrators, too, was the reply of a spokesman of the power division of the Interior Department when, having revealed in response to a direct question that his unit had suffered a cut, he was asked: "Will you be able to get along with this amount, do you think?"[128] He said, "I think we will." But not all bureau heads are so regardful of hierarchy. One of them declared flatly in a 1942 hearing:

> I believe that it is clearly my duty as Director of the Bureau of the Census to fully inform your committee regarding what is needed by the Census Bureau in order that it may properly perform the functions assigned to it by the Congress. Accordingly, in good conscience, I can do no less than urge with all of the earnestness at my command that this committee add back the sum of $908,746 which was slashed from our original estimates by the Bureau of the Budget without good reason. . . .[129]

One might suppose that the subcommittees would have little difficulty in persuading administrators to confess their sense of need. But the subcommittee in charge of agricultural appropriations for 1943 thought it had reason to complain. "The subcommittee has noticed, from time to time," it reported, "the

[127] 77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Department of Commerce appropriation bill for 1942*, p. 354. In this case the answer was, "We asked for $167,420,152, and the amount approved was $75,123,886 . . . a decrease of $92,296,266."

[128] 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Interior Department appropriation bill for 1943*, p. 78.

[129] 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Commerce Department appropriation bill for 1943*, p. 86. In a 1943 hearing Senator Lodge said he had been wondering for years, "when the Bureau of the Budget turns something down, why should not somebody from the Budget be up here to defend it?" 78th Cong., 1st Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the State, Justice, and Commerce appropriations for 1944*, p. 139.

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reluctance of bureau chiefs to answer inquiries propounded by its members respecting the adequacy of amounts granted by the Budget . . . and the wisdom, in the light of the public interest as they view it, of Budget reductions in such amounts." [130] The committees (ran the argument) need the complete and first-hand knowledge possessed by the bureau chiefs. Since "under our Budget plan, the function of the Executive is to propose and that of the legislative branch is to dispose, . . . the right to interrogate any and all witnesses on any pending matter of legislation and that of having such witnesses give responsive answers thereto is fundamental and inherent in the legislative branch." All this was put down "to clarify the minds of those in the Department who may have been entertaining unfounded misapprehensions. . . ."

The direct impetus for the foregoing warning was an incident in the hearings on appropriations for the Bureau of Plant Industry.[131] "Whose idea was it", asked Mr. Tarver, chairman of the subcommittee, "to decrease this investigational work, and how is it proposed to justify it? Did you ask for a reduction in the amount of the funds you had before, or did the Bureau of the Budget through some plan of its own, or ideas of its own, as to reductions which might be justified, bring them about insofar as their recommendations are concerned?" When the bureau representative loyally said, "This is in line with the Budget estimates", the committee members were not content, and drew from him the statement that he had originally asked for the "continuation of our appropriations as of the current fiscal year with an additional $20,000 for work with corn in the South." Later, when the same witness said of reductions that operations could be adjusted thereto and "I think we can carry our responsibility", his answer was treated as "not fully responsive". He was admonished that his understandable "inhibitions do not go to the extent of preventing him from giving the committee the benefit of his best judgment. . . ."

[130] 77th Cong., 2nd Sess., House Report No. 1848, March 2, 1942, p. 11.

[131] 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the agricultural appropriation bill for 1942*, pp. 448-49, 458-77, 497-500.

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At this point, significantly, the subcommittee undertook to ask about the methods of the Bureau of the Budget. How long had the bureau head and his assistants been before the Budget representatives? From nine o'clock in the morning until two p. m., was the reply. Whom did the Budget Bureau assign to the hearing? What was their "general background . . . have they some special aptitude in the field of agriculture?" The discreet finance officer of the Department of Agriculture came to the rescue by giving some biographical details about the several Budget examiners. He was asked whether the Budget examiners had made field trips. Yes, he said; "the Budget Bureau staff has been able to visit much more of our work in the field than formerly was the case." The cross-examination went on to the question of how the Budget cuts were distributed. Apparently both the subcommittee chairman and the departmental representatives thought that the Budget Bureau should impose any reduction that was ordered upon a bureau as a whole, allowing the administrators to work out the distribution of the cut.[132] The interchange ended with sharp minority comment on the "captious and capricious" Budget and the intimation that in the future Budget Bureau examiners in charge of agricultural appropriations might be summoned before the committee. The same story was enacted with other witnesses.[133]

[132] In the 1941 hearings on appropriations for the Bureau of the Budget, Director Smith said (in answer to a question about methods), "In the main, we indicate where the cut is to be made." 77th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Independent Offices appropriation bill for 1942*, pp. 737-38. As confirmation, see 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the War Department civil functions appropriation bill for 1943*, p. 56. But practice varies. In the Indian Office appropriation for 1943, there was a double cut, the first detailed, the second coming after Pearl Harbor; and in the latter the bureau was allowed to recommend where it would be applied. 77th Cong., 2nd Sess., Senate Committee on Appropriations, *Hearings before a subcommittee on the Department of the Interior appropriation bill for 1943*, p. 83.

[133] *Ibid.*, p. 833, where the administrator said, "I do not think I ought to make a recommendation here which is contrary to what the Budget has decided", and the chairman explained, "If every witness before our committee took that position we would never be able to get any evidence whatever which

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The subcommittees have also resented the attempt of the Budget Bureau to effect savings since 1940 by ordering the impounding of "reserves" under certain appropriations. What right, members asked, had the Budget Bureau to cut athwart the will of Congress? Were such appropriations not mandatory? This attitude was reflected in the remark of a subcommittee member to the representative of the Soil Conservation Service: "The action of the Budget in setting up a reserve of almost the entire amount of the money which was added by the committee seems, at least to some of us, to indicate that the Budget is seeking to superimpose its judgment on that of the committee and of the Congress. . . ." [134] In the later House debate, the spokesman of the committee said of the whole tactic of "freezing" appropriations by the Bureau of the Budget: "We resent such attempted supervision by the Budget of congressional discretion as unauthorized by law and an abuse of power." [135]

There has been not a little Congressional sniping at the Bureau of the Budget. The subcommittees have at times seemed to be provoking the bureaus to revolt against Budget control. This attitude has not been as inconsistent as it seemed with the

varied in any way from the Budget recommendations." See also, in the same manner, 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Commerce Department appropriation bill for 1943*, p. 217, where the witness began, "I am not supposed . . .", and the chairman broke in, "You are supposed to answer any questions that the committee asks."

[134] 77th Cong., 2nd Sess., House Committee on Appropriations, *Hearings before a subcommittee on the agricultural appropriation bill for 1943*, p. 934. The increase referred to was mainly for technical services to soil conservation districts.

[135] *Congressional Record*, 77th Cong., 2nd Sess., vol. 88, p. 1891, March 3, 1942. And in a 1943 hearing the impounding of funds led to a threat to summon the Director of the Budget. "I think we will have to lock horns with the Budget", grumbled a member, ". . . to decide who will make the appropriations, the Budget or Congress." 78th Cong., 1st Sess., House Committee on Appropriations, *Hearings before a subcommittee on the Labor-Federal Security appropriation bill for 1944*, p. 13; see also p. 261. But, in contrast, note the discretion expressly vested in the "Director of the Bureau of the Budget, after a hearing thereon with representatives of the Department of Agriculture," to adjust certain parts of its appropriations during the fiscal year 1944. 78th Cong., 1st Sess., Public No. 129.

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Congressional outcry against bureaucracy. The attack on administration is seldom really generalized; it is particular and selective. The attack on an Administration is specific. The managerial rôle of the Bureau of the Budget is a subject of criticism. Mr. Wigglesworth complained of "work which seems to me in large measure outside the normal scope of operations of the Bureau." [136] Mr. Taber exclaimed: "Worse than anything else, the Budget has begun to reach out." [137] But the commitee reports generally commend the current activities of the Bureau of the Budget, including reorganization studies and field surveys.[138]

A paradox is seen in the contrasting attitudes toward centralization at the departmental level held respectively by the appropriations committees and the staff of the Budget Bureau. The committees wish to give departmental headquarters control over matters like travel and printing; they press for the concentration of legal services under the solicitors; only in the case of personnel administration and latterly of research have the Congressional groups shown marked hesitation in their integrative disposition. The motive, of course, is not confidence in the tools of management but rather the desire to put certain especially suspect fields of supposed waste beyond the reach of the operating agencies. The Budget staff, from its side, favors strong and well-endowed, if not altogether self-sufficient, operating bureaus.

But collaboration is not absent between the Bureau of the Budget and the appropriations committees. An especially fruitful pattern of coöperation has been followed at times when the whole committee has become aware of a problem common to many of the appropriation bills and has requested the Bureau of the Budget to report on a solution. Thus in 1939 the question of a general policy about administrative promotions was handled in this way. The Bureau's study became the basis of

[136] *Congressional Record*, 78th Cong., 1st Sess., vol. 89, p. 1024, February 15, 1943 (daily edition).

[137] *Ibid.*, p. 1080.

[138] 78th Cong., 1st Sess., House Report No. 109, pp. 5-6.

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a statute, reflected in turn in subsequent appropriation acts.[139] The Bureau of the Budget has made other inquiries at the instance of the appropriating groups. The act of 1921 provided a broad basis for such requests.[140] Recently, of course, Senator Byrd has revealed the embarrassing possibilities of this provision.[141] But its main potentialities are harmonious and complementary.

What about closer coöperation in the routine handling of the annual appropriations? Some informal contact already exists between the staffs of the Budget Bureau and the committees on appropriations. But further intimacy, especially if institutionalized, must be developed cautiously. A practicable minimum step would be to have the committee clerks attend the annual hearings before the estimates division of the Budget in the late summer and fall. The clerks, however, should not remain for the executive sessions in the afternoons wherein the Budget examiners discuss and decide tentatively upon revised figures for the units they have had before them in the morning. Even the first-mentioned step would require enlarged permanent staffs for the committees on appropriations. A reasonable minimum would be one experienced assistant clerk for each regular appropriation bill.

No amount of legislative staffing could take the place of executive supervision. Fitful legislative intervention is no

[139] 77th Cong., 1st Sess., Senate Report No. 503.

[140] "The bureau shall, at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations, furnish the committee such aid and information as it may request." 42 Stat. L. 23, approved June 10, 1921; 31 *U. S. C.* 212.

[141] At the instigation of Senator Byrd, the Senate Committee on Finance, by resolution on August 28, 1941, requested the Director of the Budget to submit three detailed revisions of the estimates for the fiscal year 1942 "as he would make if instructed to prepare three budget estimates," lower by one, by one and a half, and by two billions than the appropriations actually made. The director's analysis of 15 printed pages, submitted October 15, stated: "It should be kept clearly in mind that it is the responsibility of the President alone to submit budgetary recommendations to Congress." The director, along with the Secretary of the Treasury, was already a somewhat uncomfortable member of the Joint Committee on Reduction of Nonessential Federal Expenditures, set up pursuant to section 601 of the Revenue Act of 1941.

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substitute for controls within administration. The most valuable contribution of legislative oversight is to galvanize the disciplines of administration itself. It is significant that the reports of the appropriations committees abound in recommendations to administration that it investigate its procedures and organization, sometimes at the bureau or departmental level, sometimes above. The committees frequently disclaim competence for detailed constructive inquiry in these matters. The staff necessary for continuous inquiry could be maintained only at the risk of a harmful division of responsibility,[142] while such a staff would still lack a first-hand sense of operations.

The hazard is that a body like Congress, when it gets into detail, ceases to be itself; it acts through a fraction which may be a faction. This, among other lessons, is a moral to be read in the work of the committees on appropriations.[143]

ARTHUR W. MACMAHON

[142] In a press conference on July 13, 1943, the President indicated that he had in mind a message for later delivery to Congress in opposition to the policy of the rider to the urgent deficiency appropriation bill (H. R. 2714, 78th Cong., 1st Sess., which the President had reluctantly signed), preventing the civil employment under any existing or future appropriation of three named persons—the secretary of the Virgin Islands and two employees of the Federal Communications Commission—unless named to and confirmed by the Senate before Nov. 15, 1943. This rider was the fruitage of the Kerr appropriations subcommittee under H. Res. 105, 78th Cong., 1st Sess. Having conducted hearings in April, of which 380 pages were printed, the Kerr group reported through the whole committee on April 21 and on May 14, House Report No. 448. In addition to the three employees who were stigmatized, three others from the number originally challenged were questioned and cleared. The House's insistence on the rider broke through the opposition of the Senate, except for the compromise about the continuance of the employees if confirmed. At the same time the House forced the dropping in conference of a Senate proviso which sought to require Senatorial confirmation of all employees in a score of war agencies who received $4,500 or more a year.

[143] No attempt is made in the present text to frame an over-all appraisal of the methods of legislative oversight of administration. The series of which the article here concluded is part will be resumed at a later time.

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A NOTE ON LATIN AMERICAN POLITICS

ONLY a political philosopher could have devoted a large and learned book to a constitution that does not exist except upon paper.* Written and published, the current Brazilian constitution has not been and may never be promulgated. Even if it had been "legalized" by the requisite formulae, it would probably have had only potential significance, while the government continued to be "personal". This constitution may be a promise or merely a symbolic face-saving; it is not the basis of government. To have a constitution "in being" is like possessing a mystical something that endows with "the breath of life" or at least provides an excuse for being allowed to live.

This book by a constitutional lawyer reveals a practised hand and a sure touch. There is evident relish in unraveling the maze of constitutional provisions and the unending body of laws that the Vargas régime has spread upon the books. The urge to legislate seems insatiable, and the author, faithful to his craft and calling, fills two thirds of the 381 pages with innumerable citations—to a point of bewilderment if not boredom. For the book is well written, and the style crisp and clear. When the interpretive summary is completed, the author concludes that "if ever Brazil were to be converted into a genuinely Fascist state . . . not a jot would have to be changed of the existing legislation, nor anything added to the statute book" (p. 372).

But Brazil is not a Fascist state. The native milieu is something else. This thesis, that the "totalitarian" copy did not take, could just as well be applied in Brazil and in other Latin American countries to the older democratic constitutions—a great host of them through the last 130 years, Venezuela alone having provided more than twenty different variants. These constitutions elaborated upon the "liberal" prototypes stemming from France, the United States and Great Britain, each in turn providing for representative government, for popular elections, for separation of the executive, legislative and judicial powers, each writing some form of the Bill of Rights

* *Brazil under Vargas.* By Karl Loewenstein. New York, The Macmillan Co., 1942. xix, 381 pp. $2.75.

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into the basic law of the land, each showing acumen, wisdom and juridical scholarship; and yet there has prevailed a persistent skepticism as to the effectiveness of "constitutional" government in most of the Latin American countries, Brazil under the republic not excepted. It may be true that Brazil has not achieved an *Estado Novo* by copying the totalitarian legal formulae, but it and the other Latin American countries were no more successful in achieving constitutional government when they modeled themselves upon "liberal" patterns. The virtue implicit in the failure of Brazil to go "Fascist" is an older habit and prevailed when the issue was constitutional government.

The difficulty lies in the persistent comparison with European governments. The author, in common with many others, including Latin Americans, commits the error of writing as a good European. The comparisons are with the contemporary European dictators, and with Napoleon (p. 367). The bent of the volume is oriented to European rather than to Latin American experience. A cursory glance over the historical scene in Latin America would have revealed the shades of a numerous host of native dictators whose likeness to the chosen hero would have had greater relevance. It seems a pity to have neglected the local and more revealing prototypes. The Latin American milieu is closer to Brazil than are Germany, Italy, France, or even Portugal, and a comparison with the American political experience would have robbed the Vargas dictatorship of some of its seeming novelty. If the Brazilian dictatorship is fitted within the galaxy of past and contemporary models in Latin America—Francia in Paraguay, Rosas in the Argentine, Portales in Chile, Melgarejo in Bolivia, Moreno in Ecuador, Guzmán Blanco in Venezuela, or better still within the group of more recent and even contemporary examples, such as Diaz and Calles in Mexico, Leguia and Benavides in Peru, Machado in Cuba, Trujillo in Santo Domingo, Ubico, Martinez and Carias in Central America—then the peculiarities of the Vargas administration are seen to have had their counterparts on the American political stage, and the present political administration of Brazil becomes another phase of American experience neither very novel nor very revealing. It is merely a new chapter in an old story, and if the story has a moral it can be best discovered by comparison with its comparable prototypes. Had the orientation of the volume been American rather than European, then there would have been no novelty in the fact that the Brazilian dictatorship and self-styled *Estado*

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Novo have no political theory and no philosophical basis, that they are purely "opportunist". With the exceptions of Garcia Moreno and Calles, the same thing—and almost in the same words—could be said of most of the American dictators, both past and present.

Nor would the fact that the Brazilian government operates without a political party, without even a single party, have seemed strange or novel—that, too, has happened over and over again; nor would the fact that there was no resistance to the disbanding of the legislature by force prove that there was at least implicit public approval of the act; nor would the fact that there has been no rebellion establish the government's popular support. The shades of Gomez in Venezuela! These things have happened a hundred times, they have just occurred in the Argentine. Nor would the fact of the freedom of the press—if it were free—prove anything. When Obregon was shown a headline in large black letters, "El presidente es loco" ("The president is crazy"), he remarked: "The press is free; it is free to tell the truth, and free to lie." In spite of his tolerance of the press this particular Mexican president was quite capable of arbitrary and "opportunist" acts and personal government.

The importance which this book attaches to the fact that there is no political party, no legislature, no free press, in itself reveals a European orientation. Latin American experience has frequently shown that the survival of democratic institutions, in the form of public elections and legislative assemblies, is perfectly compatible with an unmitigated dictatorship; the Diaz régime is but one of many that could be cited. The legal survival of the constitutional framework has, in fact, been part of the setting within which dictatorships have operated. Nor is the phenomenon of decree legislation so peculiar. As a matter of fact, government by presidential decree has been frequent, almost usual in many places. It is a simple matter to authorize the president to govern by decree.

The emphasis upon these matters by the author reflects an assumption that it would necessarily be different if political parties had survived, or if the legislature had been allowed to continue. The power of the government in Latin America on the whole does not rest in the political party, or in the legislature; it rests somewhere else and is not revealed by the many or few laws that an administration places upon the statute books, either by formal enactment or by decree legislation. If the very competent hand of the author had been set to the task of unraveling the forces inherent in American

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political life, and if he had devoted less—very much less—space to the formal and legal content of the government, then a very valuable study might have resulted. But the insistence on demonstrating that in spite of its protestations Brazil is not a Fascist state has turned the essay into a learned and fully documented political tract.

There is an evident enthusiasm for Vargas: "For once power has not corrupted a man." "He can claim a rank next to Dom Pedro. No higher praise can be bestowed upon a Brazilian" (p. 367). "Vargas has won the soul of the common man" (p. 339). This enthusiasm for Vargas may be fully merited and based upon objective considerations. It would, however, be easy to cite equally high praise for many other Latin American dictators, both by local and foreign students. The author's enthusiasm is mentioned to point the fact that he himself seems to find certain merit in dictatorship under the present circumstances. "Vargas has succceeded in steering between the devil of totalitarianism, with all it implies, and the deep sea of disintegration through party disunity, which seems the danger attendant on modern mass democracy" (p. 373). Very few students of Brazil would admit that this is even an approximation of the issues that explain the origin of or that supply the justification for the Vargas administration.

The author himself notes that the repudiation of constitutional government resulted from the fact that the constitution of 1934 barred a second term for the President. "Vargas was not the man to step down..." (p. 28). "Vargas's own justification of the *coup d'état* convinced few" (p. 38). But the change in form had the effect of creating a situation where "he is factually president for life and he rules and governs without constitutional limitations whatever" (p. 54). "He is the constitution" (p. 49). The legal formula for dictatorship is complete. But it does not require this formula for its purpose. The formula may be new, inspired by contemporary European models; the fact of dictatorship is old in Latin America, and the Vargas phenomena cannot be considered in isolation from the general setting which makes real government something different from the legal formulae that are used to describe it.

The present régime stems from the structure of Brazilian society, from habit and tradition, and from the expectancies of common men in their own milieu. In spite of its oft-acclaimed industrialism and its two large cities, Brazil is a rural society, primitive and "feudal" in broad outline. Effective local authority rests in the *fazendero,*

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ho rules the lives of his numerous dependents within a meager ramework of legal formulae but with effective prestige. Within the ounds of the *fazenda*—and the bounds reach to the horizon—effec- ve real authority lies with the landowner. The way the people live, ieir means of compensation, their daily routine, their positive hold pon the world, is derived from the *fazendero,* who is master in an olated world, with poor means of communication, frequently in- ccessible and beyond any effective outside control, even if such con- ol were attempted. An uninformed, isolated, self-sufficient world, rgely indifferent to things beyond the horizon, is the pattern of life r the greater part of the country. Authority it has, order it has, id security it has—this vast hinterland where most of the people ve and die indifferent alike to whether the constitution is "in be- g", about to be born, or on the wing. It would be too much to say at most of the people live beyond the pale of law, but they do ve beyond any sense of the political meaning of "constitutional" overnment. Government they have—but it is local, personal, direct, id derived from their masters, the *fazenderos.* The details vary a ttle, but only in relation to nearness to large cities, railroads, or her means of effective communication. The country as a whole is vided by seemingly infinite space. To speak of constitutional gov- nment for this traditional society organized around huge estates ith an illiterate and indifferent populace is to raise an issue irrelevant their way of looking at the world.

The difficulty with this and other books concerned with Latin nerican politics is that they are shaped by a philosophy in which e individual is the irreducible and ultimate unit in political theory. is preoccupation with the individual is strong. Even the Latin nericans who deal with their own political problems partake of it, though the political phenomenon, the unit, the irreducible in Latin nerica, is neither the individual nor the state, but the *caudillo,* the *cique.* These terms are not translatable into political English, and is review is not the place to write an essay on the subject. Be it ough to say that the *caudillo* is the head of a clan. If the *caudillo* a *personaje,* a great personage, then through family relations, rough military influence, he arrives at a position where he heads a ge and influential clan with ramifications throughout the nation, th smaller clans subordinated to it, and their leaders to him. With- the clan—if we may appropriate not too happy a term for the ucture involved—the individual issue does not arise. What does

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exist is the large family, which is ruled by the head—the *cacique* The *cacique* is the leader, the protector, the godfather, the overlord the good fellow, the true friend, the *jefe,* the patron, the chief, th old man, the boss. His word is his bond, his will is the law, he ha an ever-ready purse, a strong hand to protect and shelter members o the clan, he protects and provides for its members as a father doe for his family. He has, under certain conditions, powers of lif and death in his area; he indicates the governors to be elected, th members to be sent to the legislature; the entire world moves aroun him and with him. When the political battles begin, the issues ar stated not in party but in personal terms. The *cacique* represents al of the things indicated above for the local follower. There is on inevitable rule in this structure: you always follow the little leade against the big one—you follow your little local chieftain of you local clan against the world. The big clan may break up, the littl one never. When the clan gets into public office, the constitution i on paper and for formal dress occasions. Government goes on as did before the clan came into power—in favor of the clan.

To fit a political theory based upon the individual or upon the stat into this framework is an heroic undertaking, and to fit a moder Western constitution, totalitarian or democratic, upon this substanc is a bit of make-believe that fools only the innocent, and none are s innocent as those whose learning stands in their way of seeing wha goes on. When the *caudillo* gets into office he governs—*he* governs- and if he does not govern, then he is displaced by someone who ca govern. Weakness becomes treason to the clan. This political ph nomenon cannot be described or judged by a constitution "in being or otherwise. The quality of the government is determined by th milieu which produces the *caudillo,* and not by the constitution. Co stitutional issues are, in these circumstances, something for lawyers argue over and jurists to ponder upon; they are allowed to settle th unimportant issues. The important ones—the really important ones- are settled by the governor, the president, the *caudillo,* the *caciq* who may now be a governor or a president. He does not have to ha a majority of the people to get into office, or to stay there. He mu merely be strong enough to overthrow the *caudillo* whom he wou succeed, and strong enough to keep any other *caudillo* from replacir him.

Now this political "realism" has its roots in a social structu which makes it possible—the rural organization of Latin Americ

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ountries. Therein is the source of the type of authority which in arying degrees and in varying forms comes to the surface almost verywhere in Latin America—in Brazil as in Peru, in Guatemala as n Venezuela. The dictator is the *caudillo* who for the time being nd by varying methods has succeeded in securing the support of a ufficient number of local "bosses" to stay in power. The constitutional pattern is then cut to fit his personality. If he is liberal, then he government is liberal. If he is mellow, urbane and sophisticated, nen the government is like him. If he is arbitrary, bloody, unscrupulous and vengeful, the government takes its color from him. The nilieu sets the broad limits within which personal government takes lace.

In Brazil—as the author well recognizes—the tradition is humane, indly and easy-going. No dictatorship like that of Gomez in Venezuela could long survive in Brazil. Vargas shares the Brazilian radition of easy tolerance of political opponents, and the virtue of ne present Brazilian administration is part of the effective and very umane tradition of the Brazilian people.

FRANK TANNENBAUM

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REVIEWS

A Study of War. By QUINCY WRIGHT. Chicago, Th University of Chicago Press, 1942.—2 Vols. xxiii, xvii, 1552 pj $15.00.

For the most part, historians have dealt with war primarily as military phenomenon. They have been apt to give us details c battles and campaigns, with little sense of proportion and no marke grasp of salient outlines—and above all, with too little curiosity a to "what it was all about". The discussion of "causes" rarel makes clear the motives or the real aims in view. The character c a war, and its immediate effects on the countries involved, are n adequately studied; and in the end it is apt to be summarily dismisse without much inquiry into its ultimate effects upon the belligerer countries, or upon Europe at large. In the case of the wars of Lou XIV or Napoleon, for instance, these immediate and ultimate effec are infinitely more important than even the most dramatic events i the military narrative. It is fair to say that not a single history h dealt with them adequately, or in due proportion.

Dr. Wright, seeking a broader foundation, has tried to deal wit war as a social phenomenon—in the broadest sense of the word. H has reached back almost to the beginning of time, and he has take up almost every approach to the subject that can be comprised und those two overworked terms: "scientific" and "sociological". Y in the end, one faces much the same deficiencies as in the more co ventional "military narrative". The procedure is different, but leads to much the same minus quantities.

This result brings up the question as to whether it is possible deal with war as a specific and more or less isolated topic: wheth it can be studied effectively as a thing in itself—"running dow through the ages"—rather than as a part of the general fabric c history in a given period. Even the technical and professional a pects of war at different periods are apt to vary so greatly that the is little element of continuity. The Hitler war offers many points c interest as the furthest point of development (up to 1939) of mar technical features of warfare originating in modern times. Yet i

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most significant, distinctive and destructive features arise not from these, nor from any military evolution from a remote past, but from a general complex of non-military factors that have come forward within the past generation. It is intimately related to its own time. Its relation to wars in the past is remote and rather abstract.

In short, this book leads one to put the question: can *war* be studied any better than *peace* as a topic in itself—with little relation to the general course of social development? Can it be studied usefully except as a part of a particular period? This author's effort to isolate it for study by laboratory methods has made it singularly thin and anemic: war, as he offers it to us, suggests a series of museum specimens.

In one respect the book stands out sharply from most writing on this period during the post-war generation. The prevailing tone has been contentious and controversial, and marked by bitter national or partisan spirit. Intellectually, also, the tone has often been dogmatic and overbearing; without the slightest hesitation, writers have indicted not only a whole people, but a whole generation. The reading public, in turn, has been singularly helpless and herd-minded, and has accepted one after the other a long series of empty clichés and catchwords—from "the old diplomacy" of 1919 and 1920 to "power politics" at the present time.

Dr. Wright is singularly free from these distempers. He is untouched by partisanship or prejudice; he is never sharp or ill-tempered; he is not arguing any special thesis of his own; and he shows, if anything, far too charitable a spirit toward some of the flimsy theses he cites from other writers. He does not suggest that soldiers, as a class, have been a cause of war; and no recent writer has been so careful to avoid overdoing the term "militarism". Without impatience, he considers the Marxian interpretation which ascribes wars to the inherent evils of capitalism, and the more recent fashion of presenting munitions makers as general scapegoats. His quiet and calm tone gives an impression of striking integrity of mind—so much so that a reader almost reproaches himself for reacting in sharp disagreement with so many of the views expressed.

In spite of these qualities, the book is disappointing. The broad approach the author has undertaken implies practical limits. It would have been quite enough of a task to take up war since 1648 or 1715, when political society began to have something of the structure of modern times, and when the historical record begins to offer something useful to go on. Instead, "this study is limited to organic

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history which began perhaps a billion years ago." It is a long time back; and the next sentence opens with a reference to "the organic population or symplasm first penetrating the oceans. . . ." With this remote starting point, four chapters are filled before the author takes up "Animal Warfare", which in itself seems well outside the useful bounds of such a study.

Next, the series of "approaches" to the subject becomes so elaborate as to obscure almost completely whatever main course the book may be following. Any sort of chronological order is destroyed at an early stage; and no other very clear sort of order takes its place. One result is an amazing amount of repetition: the same ground is covered over and over in the process of following out these different approaches. The same idea is restated, or glanced at, many times; at no time, apparently, is there space enough to deal with it adequately once for all.

Between the two (the remote start and the confused pattern of "approaches"), there is no adequate consideration of wars that have occurred within the past three centuries. The author's patience seems to have become exhausted, and he hurries over this period in a cursory and thoroughly impatient fashion. More than once the comment he offers would not be accepted as an answer from an undergraduate in an examination paper. In taking up the "causes" of the first World War, he lists the various causes alleged by one side or the other, or by the various schools of interpretation. For himself, he adds nothing to this, and does not even indicate a path through these two pages of divergent or contradictory allegations. It might be called a bankruptcy of historical interpretation—bankruptcy by default.

On the other hand, space is found for a section on *Sex*—among the "drives" motifying historic warfare. These statements are made:

> Sex has played an important role in civilized war, often lying behind economic, social, and political motives. . . . A more legitimate expectation of feminine favor for the military hero may also have played its part in maintaining the war system. Leaders as well as followers may have been anxious to fight or to institute bold policies tending to war as a compensation for sexual impotence or as an escape from distressing matrimonial conditions.

A broad historical synthesis cannot be built up from such flimsy material as this. There is no short cut to the plain hard study involved in dealing with historical evidence: whatever their special lines of approach, the same series of hurdles confronts the historian, the economist, or the sociologist as soon as he enters the historical field.

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Offhand generalizations couched in sociological terms do not offer a way of avoiding the difficulty.

In a survey reaching far back into the past, there is the primary obligation of making clear to the reader the sharp contrast (as regards different periods) both in the quality and the quantity of the evidence available. The census, roughly speaking, begins only with 1800; and only in a few countries even then. We have what may be called a statistical record of the number of German troops mobilized and the number actually put in the field in 1870. Nothing of the sort exists (for the French armies) over the whole period of the Revolutionary and Napoleonic wars. We have only fragments of accuracy. The first study of the over-all strength of the Napoleonic armies was made by a German officer after 1900—in the *Militärwochenblatt*—and his labors only served to make clear that the necessary spadework in the French archives had not even been begun. During most of the War of the Spanish Succession there is no means of knowing even the number of regiments in the French army; the total strength in men, and the numbers of casualties, are as unknown (from a statistical standpoint) as the total of the components of the Milky Way. Proceeding backward from that time, the known steadily decreases in proportion to the unknown; and during long periods of the Middle Ages there is not any means of knowing even how many "wars" were under way in Europe at a given time.

To make clear this differentiation would be a thoroughly useful contribution. The student unfamiliar with source materials would realize that modern statistical figures have little relation to the scrappy and imperfect bits of evidence available from earlier periods. He would realize the sharp limits imposed upon the scholar working in these earlier fields. The author, instead, offers statistical tables covering the size of armies, losses in battle, etc., running back to the year 1100. He himself, it is true, has not created these works of fiction: this device for modernizing the past has been developed by other hands in recent years. But its product is counterfeit money, pure and simple. Many pages of the appendices are filled with graphs and tables of this general type; and there is nothing to warn the innocent student of the character of "evidence" he is thus being offered. With this book in their hands, in fact, most undergraduates would assume that there really exist statistical materials running back into medieval or ancient times.

We seem to be completing a curious cycle. Three or four generations ago the historian as well as the scientist was still struggling

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to free himself from the chronology and other bonds imposed by th Book of Genesis. There followed a period when these and othe legends were explained away by pseudo-scientific interpretations After going through various other stages, we are now apparently i for a phase of historical dialectics, in which clichés and unreal ab stractions are worked up in scientific and sociological forms, an buttressed by pretentious exhibits of phoney statistics.

T. H. THOMAS

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One World. By WENDELL L. WILLKIE. New York, Simo and Schuster, 1943.—x, 86 pp. $1.00 paper; $2.00 cloth.

Between August 26 and October 14, 1942, Mr. Willkie travele 31,000 miles "in a four-engined Consolidated bomber". The tri brought him to Africa, the Near East, Russia and China, affordin not only opportunity to see a good deal of magnificent scenery bu also a chance to discuss the war with many of the leaders of th United Nations and with the "man in the street". It was a fairl breath-taking journey, and one surmises that not a few who rea Mr. Willkie's account of it will have to remove in advance a subtl prejudice arising out of early memories of Jules Verne and "aroun the world in eighty days." At that time we were expected to realiz with a shock that the universe of men was no longer any bigger tha the palm of one's hand, even as astronomy had reduced the eart itself to a mere fleck of dust supposedly on the fringe of sundry mil lions of indifferent stars. Alas and alack, the smaller the earth be came the less neighborly did its inhabitants prove to be. It seem rather more difficult to understand the Germans, for example, no that one may land in your back yard any moment by parachute tha it was in the benighted days when Mme. de Staël bounced over Rhen ish cobblestones in a horse-drawn coach.

Mr. Willkie is stanchly committed to the view that the more com pact human space becomes the cozier everybody is bound to be. Bu it is impossible not to admire either the crispness of his excellen narrative or the courtesy and openness of mind with which he ap proached many persons thitherto quite strange to him—women con tending with the woefully inadequate sewage disposal system o Teheran, the up-and-coming citizenry of Yakutsk, veritable Los An geles of Siberia, the crowds of Chungking. Here is a traveler wh

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incarnates the ideal of travel. It may be recalled that when Count Keyserling visited the United States, he retired to a hotel room in order to exclude all contact with Americans and so to provide free rein to his creative intuition. Mr. Willkie is the antithesis of all that. He crowded dinners, conversations, interviews and questionnaires into his mornings and nights. One may still doubt that forty-nine days, travel time included, suffice to provide any individual with information on which to base a dependable judgment of half a dozen unfamiliar lands. It is nevertheless evident that tourists one knows have spent forty-nine years abroad without getting half as much for their money as did Mr. Willkie. True enough, he probably saw what he went out to see. But at least it was something.

Essentially, Mr. Willkie's story is quite simple, even when due allowance has been made for the fact that his journey was quasi-official in character. But an interest attaches to it which is out of all relation to the narrative itself. That interest seems to be compounded of two elements. First, there is the fact that Mr. Willkie himself is a representative contemporary American. He believes that things can be changed and "opened up", as it were; and it is his deepest conviction that change is cleansing and regenerative. Second, there is the fact that Mr. Willkie, a business man, found the air of Russia to his liking and surmised that the future of the human race depends upon a frank and unhampered exchange of goods and ideas between the United States and the Soviets. It is after all novel to find counsel for sundry gilt-edged corporations more gracious toward Bolshevism than are, for example, such mildly revolutionary folk as Mr. Max Eastman and Mr. Boris Souvarine. The reader would do well at this point to compare the temperate and astringent views of Jefferson on the France of his time. He will arise from that exercise persuaded that while American liberalism may not have improved since the eighteenth century it is at any rate different in temper and receptivity.

With all this I have no great quarrel, and it would be difficult not to admire the candor and idealism of Mr. Willkie's book. But this leaves one deeply troubled because there is missing from it the sense of the inevitability of distinctions and present in it the acceptance of cleavages between actuality and idea. A word about the distinctions. It is all very well to speak of "freedom" as a common human denominator, but just what is freedom? Is it the code of conduct and of law which the Western World has laboriously struggled, in spite of constant relapses, to devise, or is it merely the right to exchange

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subordination to imperialist design for tyranny and another variety of imperialism? Or what is education? That, unfortunately, is a term which applies also to the course of study in Nazi *Ordensburgen*. It seems to this reviewer that Mr. Willkie's answers to such queries take the form of endorsing the cleavages alluded to above. In his book there is nowhere a generous reference to the more than a quarter billion folk who inhabit Europe proper. He has not only consigned them to some sort of oblivion, but has in curious ways hinted that efforts on their part to escape from the dominion of the "Four Great Powers" would have to be labeled ungracious or absurd. Thus the text of *One World* suppresses anecdotes concerning Russia which Mr. Willkie has peddled elsewhere, but does retain a tale designed to indicate that the only Frenchman with whom we can do business is General de Gaulle, who suffers from delusions of grandeur.

This flaw in Mr. Willkie's thinking is alarming, not because it seems to dispose of Europe once for all (the Europeans will no doubt have something to say on the subject), but because it leads to deplorable political conclusions. For, if the point about the future is that it will be full of new peoples who cannot be ignored because they have learned to be efficient, then of course the status of anybody will depend upon whether he is big and efficient enough not to brook ignoring. It is precisely this argument which the Browns and Blacks of Europe resorted to in terming themselves "new peoples". And so one is regretfully driven to suppose that if the Nazis had happened, through unimaginable chance, to be on our side, Mr. Willkie would have found them engrossing. Might he not have been fascinated by the athletic mayor of Juterbog, the library of whose municipality had expanded to the tune of 40,000 volumes of the most beguiling propaganda? Would he not have marveled at finding the barmaids in the town's hostel willing to admit that they could read and write? One has a faint suspicion that if perchance the cognomen "fox" applied to General Rommel had a friendly rather than a belligerent application, Mr. Willkie would have termed him "one of the truly remarkable people I have met." Such conjectures are not fantastic. One need only recall what people who clung to the philosophy that Mr. Willkie now expounds once said about Signor Mussolini.

In short, a zest for "opening up" the world and even for doing good unto its inhabitants hardly renders unnecessary insight into the constantly imperiled historical institutions in which such freedom as men have known has been enshrined. The moral basis of imperialism —for it did have such a basis, in spite of its sins—was the assumption

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that empire would carry those institutions into areas where they did not exist. Well, the days of imperialism are ended, one sincerely hopes, even as one hopes that the future of humanity will not be planned in accordance with the notion that the bigger a country is the quieter it can ask its neighbors to be. But what then is the law by which the nations are henceforth to be governed? If it is to be a law of which any decent jurist these past thousand years would not speak in disgust, it will provide as much justice for the people of General Sikorski (now, unfortunately, the late General Sikorski) as for the people of Marshal Stalin. No doubt we need to be told, sternly and stubbornly, that our attitudes toward other races must change. But this need is not the result of a flaw in either our traditional jurisprudence or our culture, growing rather out of our grasping ambitions and our primitive emotions. On the other hand, the admission that we, together with the Russians, the Chinese and the subordinate remnants of Britain, planned to rule the world would require not merely a revision of our emotions but veritably also an upheaval in our culture and our concepts of the law.

The problems which are basic to the discussion thus feebly and fleetingly sketched are not easy to solve but they are fundamental. Upon how they are faced will depend not merely what America will do in the generations ahead but also what the American, in the deepest sense, will himself be.

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U. S. Foreign Policy: Shield of the Republic. By WALTER LIPPMANN. Boston, Little Brown and Company, 1943.—xvii, 177 pp. $1.50.

This is one of the most effective pieces of propaganda published in the United States in many a day. The author, a distinguished journalist and commentator on public affairs, presents three main theses. First, no nation should undertake commitments in the field of foreign affairs that it is not prepared to defend. This is neither original (*vide* Theodore Roosevelt) nor profound; it is one of the ABC's of diplomacy. Yet we should repeat it, flash it on the screen, and sing it until we learn it. Second, since our commitments are now so far flung, we can protect them cheaply and adequately only by casting off our juvenile prejudice against alliances. (I quite agree with Mr. Lippmann that this prejudice is unreasoning, and grows out of a misconstruction of the words and purposes of the Founding Fathers.)

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Finally, the logical alliance at the end of this war is one with Britain, Russia, and perhaps China.

Mr. Lippmann argues his case with great cogency, and with his usual precision. There is, in fact, much to be said for it. There is also much to be said against it, and Mr. Lippmann, who is trying to "sell" his idea to the American people, does not hint that there is another side. Can such an alliance be made between yokefellows of such diverse interests and—let us be frank—mutual suspicions? If made, how long will it hold together? Do not alliances invariably beget counter-alliances? Can defeated powers be kept in a state of subserviency forever? Will the vanquished not ultimately group themselves together in a new alliance, either among themselves or with dissentients from the victorious group? Do the dangers of such an alliance as the author proposes outweigh the uncertainties of some system of collective security?

In support of his interesting thesis, the author reaches back into the past for parallels, and where they do not fit, he makes them fit. The errors of date and fact, in some places averaging three or four to a page, are simply incredible, the more so since the author's conclusions from them are generally sound, or at any rate plausible. He totally misconceives the origins of the Monroe Doctrine. It was never in any sense of the word an alliance with Britain; rather the reverse. He further confuses the 1917 situation when he says that Wilson took us into the war with the secret purpose of saving America by saving the then collapsing Allies, but with the avowed purpose of salvaging neutral rights from the submarine. Yet Wilson did not take us in; Germany forced us in. As for Wilson's alleged duplicity, this was totally foreign to his character, to what he said publicly, and to what he told his cabinet privately. And in February and March of 1917 the Allies were not visibly collapsing; in fact, they seemed to be winning.

After-the-event wisdom is not difficult to achieve, and though Mr. Lippmann charmingly disarms his readers by confessing that he too guessed wrong many times, he should remember that men have to make decisions in the light of the situation as they can then see it. I do not agree that Japan was the only conceivable enemy in 1919. There was no possible way by which Wilson could have got the Japanese mandated islands at Paris; and if he had, what reason is there to believe that Japan would not hold them today? I cannot resign myself to the fatalism which holds that because an alliance is eventually made (e. g., Japan's with Germany in 1940), such an alliance was ordained from the beginning.

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It is incorrect and misleading to say, as Mr. Lippmann tiresomely eiterates, that we have had no foreign policy for fifty years. We ave always had foreign policies, all of which have grown up in esponse to our needs, and some of which have served us very well. Vhat Mr. Lippmann means is that we have never consistently adopted positive, assertive, aggressive foreign policy designed to order world ffairs in the interests of our own security.

This tract is provocative and realistic, and it should stimulate some ard thinking. But it is a piece of special pleading, and should be ead as such. It does not outline a policy which we are likely to fol- ow but one which Mr. Lippmann thinks we ought to follow. And is effort will not be altogether in vain if he can persuade the merican people that a foreign policy is not a necessary evil but, roperly developed, a source of security—"a shield of the republic".

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STANFORD UNIVERSITY

Take This the Last War: The Future of the United Nations. By MICHAEL STRAIGHT. New York, Harcourt, Brace and Co., 1942.—x, 417 pp. $3.00.

Mr. Straight writes in a somewhat hysterical style, but has athered much significant material which is not easily available else- here. His main theme is that we are in danger of losing the war ecause we have failed to adopt a philosophy as dynamic as that of ie Nazis; we have tried to defend vested interests instead of offering ien a vision of a new world order. In order to ensure victory we iust make our program one of genuine democracy, equality and co- peration. In so doing we shall not only be winning the war, we iall also be winning the peace, since the methods which are most ffective for democratic war mobilization can afterward be perpetu- ed for the creation of a democratically peaceful world.

Mr. Straight sees in the organization of the United Nations the eginnings of a world union. He shows how far they have been ompelled to adopt common planning and allocation of resources, id in what ways the exigencies both of war strategy and of post- ar reconstruction are incompatible with a narrow insistence on ational sovereignties; but he argues that coöperation between the ading United Nations must be carried much further than has been ie case. In particular, the United States and Great Britain must tablish closer ties with the Soviet Union and China. After the war ie various joint boards already in existence must be continued, in

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order to provide machinery for the rehabilitation of the conquered countries and for world economic planning. Meanwhile, regional federations must be established within the framework of the United Nations. The old order in Europe has been destroyed by the Nazis and federation is now the only solution to the European problem in order that the industrial economy of Germany may be integrated with the agrarian economies of other nations on a basis of equality.

We must adopt, moreover, a more democratic approach to the problems of economic mobilization at home. Our war efforts have been hampered consistently by the power of capitalist interests. We can mobilize our full resources only by establishing complete government control of industry; and we can ensure efficiency and maintain morale only by encouraging voluntary initiative among the workers in industry and the civilian population generally. In the growth of the Joint Production Committees of managers and workers in British industry Mr. Straight sees the emergence of a new pattern of industrial democracy, which he would like to see adopted in America. After the war this participation of the workers in industry must continue, and the government mobilization of all resources must be applied to the prevention of unemployment and the raising of standards of living.

Mr. Straight's third main argument is that the imperialist exploitation of colonial races must be ended, and that here also the needs of victory are identical with those of post-war democracy. The effect of the war has been both to hasten the industrialization of backward regions and to stimulate their demand for self-government; yet several of the United Nations, notably the British and the Dutch, are still maintaining their imperialist claims and hoping to see them perpetuated after the war. We must recognize that we cannot win the coöperation of Asia, Africa and Latin America without ending exploitation, and that there can be no stable world order which is not based on complete equality, both political and economic, between all races.

With much of Mr. Straight's argument no enlightened person is likely to disagree. It should be pointed out, however, that there are two dangers in the kind of idealistic liberalism which Mr. Straight represents. In the first place, in his enthusiasm for planning he is apt to overlook the fact that, in practice, the ability and integrity of the planners are often unequal to the tasks which they are assigned to perform; and, in the second place, he does not take sufficient account of the innumerable political obstacles, in the shape of inveterate prejudice and vested interests, to any program of radical reconstruction. Mr. Straight's new world order is an attractive picture; but we

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must realize that the end of the war is likely to see a general revolt against government control and regimentation (a revolt due not only to the influence of vested interests but also to the inefficiency of much bureaucratic planning), and that the hatreds which the war has stimulated, especially in Europe, will make a genuine world or European union impossible for a long period to come. These are realities which must be faced and taken into account in advance; those who make their hopes too high are apt to relapse into cynicism and despair when their hopes are frustrated. This is one of the lessons of 1919 which the liberal idealist would do well to remember.

HENRY B. PARKES

NEW YORK UNIVERSITY

Reflections on Government. By ERNEST BARKER. London and New York, Oxford University Press, 1942.—xvi, 424 pp. $6.00.

Professor Barker's reflections concern themselves with the nature and present difficulties of democracy, the alternative systems that compete for acceptance, and the readjustments that are necessary if democracy is to survive. The theme is not an unfamiliar one, nor are the author's speculations strikingly novel. Yet this must be pronounced a distinguished book, distinguished for its style, the depth of knowledge it displays, the judicious spirit in which it is written, its skillful architecture, and the generous objectivity of its treatment of clashing ideas and movements.

Professor Barker sees the difficulties of democracy as falling into two categories. The first consists of those that are "internal" since they arise out of the shifting balance between political forces and institutions. The machinery that was adequate a hundred years ago is strained and squeaky when burdened with the task of government in an age of mass electorates. It is wrenched from its normal shape by the "exaltation of party", which is the most important single political phenomenon of our day, by the tendency of legislative bodies in many countries to encroach on the necessary powers of the executive, and by the heavy task of performing the economic functions now imposed on the state. Other difficulties are "external". These are created by the political effects of the romantic vogue of leadership in recent thought, by the worship of the group—race, nation or class—and by the impact of economic change on the political order.

Some of the author's best pages are devoted to surveying the tangled borderland between economics and politics. Here will be found

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acute criticism of the "Marxist-democrats" and nice dissection of ideas of class war and "economic democracy". Recognizing an interaction between the economic and the political, Professor Barker yet claims a high degree of autonomy for politics as well as for other non-economic aspects of social life. He is impressed by the extent to which political action has transformed economic life in the last hundred years and, conversely, can envisage great economic changes without corresponding changes in other spheres.

In the section dealing with the alternatives to democracy, Professor Barker first makes certain observations on the democratic movement and countermovements after the first World War, then discusses the single-party state as a general form and finally treats each of its types separately. Russian Communism is handled summarily, Nazism in greater detail, Italian Fascism and other corporative doctrines still more fully. The discussion is suggestive, but seems at times to dignify too much the pragmatic ideologies with which the Fascist interpreters seek to clothe the nakedness of their masters' struggle for power. One balks at the rather labored consideration of the "negations" and "affirmations" of Italian Fascism; and it is doubtful if Carl Schmitt deserves as much attention as he receives in the attempt to uncover the real meaning of Nazism. In view of the sheer opportunism that characterizes so much totalitarian thought, it is hard to say how seriously one ought to take the utterances of its professed exponents.

A certain tendency to accept the form for the reality is revealed also in the analysis of the working of democracy, an analysis that is restricted almost wholly to the operations of the British cabinet system. It seems formal to the point of inaccuracy to describe the process of political discussion as passing successively through parties, electorate and parliament before reaching finally the cabinet. A similar lack of realism, and a lack of freshness as well, seemed to the reviewer to pervade the exposition of parliamentary procedure, proportional representation, and related questions.

There is a sense of disappointment, finally, in finding that Professor Barker's vision of possibilities is not more daring. On the necessary "Amendments to Democracy" he says little that has not been said before. His chapter on democratic planning is superb in its indication of the fallacies implicit in much discussion of that subject, but it is more likely to induce a mood of complacent optimism than to arouse a sense of urgency commensurate with the fundamental crisis which the author has just analyzed. Nor is he completely satis-

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ctory in the section on "the works of justification now confronting emocracy" with which the book concludes. He tells us there that emocracy must produce effective government, able to conduct the fairs of war and of peace, that it must strengthen the power of discussion, overcome the division of social interests, and face valiantly e trend toward autarky and mechanization. The questions to which e seek answer, however, are both what? and how? Professor arker raises the second question, but he nowhere answers it. His ap of the politics of our day shows us the way we have been traveling and something of the country in which we now are. But it does ot indicate a way by which we may climb from the marshes and uicksands in which we flounder to the high and sunny plateau of uman happiness that Winston Churchill, in an inspired moment, pictured as lying ahead.

But when all such deductions have been made, Professor Barker's ook still stands out as one of the very best of the recent examinations our present discontents. His great historical and philosophical nowledge, his eclectic approach and complete freedom from sectarianism give a rare breadth and richness to his argument.

T. P. PEARDON
BARNARD COLLEGE

he New Leviathan or Man, Society, Civilization and Barbarism. By R. G. COLLINGWOOD. Oxford, at the Clarendon Press; New York, Oxford University Press, 1942.—viii, 387 pp. $6.00.

The late Professor Collingwood was a historian and Oxford philosopher of no mean eminence. One therefore regrets to have to say at this is a disappointing and, in view of its ambitious title, even pretentious book. Like Hobbes's *Leviathan*, it begins with a study human nature—"body and mind", "feeling", "passion"—and ds with a study of the Kingdom of Darkness, entitled "barbaism". Some critics have expressed dissatisfaction with the extreme rmalism of Professor Collingwood's style. There are, however, re great models, both Hobbes himself and Spinoza; and this foralism, *more geometrico*, may be stimulating so far as it provides, it pretends, a guarantee of exact thought. This book, however, ds oddly with a denunciation of the barbarians—not only the Gerans, but also the Saracens, Albigenses and Turks (of which the arch-barbarists" are found to be the Turks)—as those who deliately aim at the destruction of the rule of law, which denunciation ems to the reviewer to be more determined by emotion than by

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completed analysis. The Germans, we learn, were addicted to her worship "from the time of Thomas à Kempis . . . who finds Bismarck a successor." Can humorless malapropism, one wonder go further? This does not mean that this reviewer, for one, deni that Professor Collingwood's thesis is an important, if often contr verted, truth, that "peace is a fundamental object of any civiliz tion"; that the ideal of civilized behavior is "refraining from t use of force toward one's fellows"; and that the essence of the civ lized process is "the control of each man's emotions by his intellect There is, however, no discussion of contemporaries who have mai tained the opposite propositions.

Despite the formal framework, there is a tendency to wander o into the side themes. Besides establishing by "proof" the prima of the family, Professor Collingwood airs his unusual views that t education of children should be left almost exclusively in the han of their parents. Again, although the reviewer personally is symp thetic with Professor Collingwood's views on the ancestral famil after the Chinese style, the opposing views of psychologists who ho that there is more to say for Plato's case than used to be admitte are again not discussed. "Civilization", we are told, "is a thin of the mind; an enquiry into its nature, therefore, belongs to t sciences of the mind"—a very un-Hobbesian sentiment which, fittin in well with that Crocean philosophy of history of which Profess Collingwood was an expositor, may explain why empiric inquiries a relatively superfluous. Of a piece with this unusual treatment education is Professor Collingwood's unrealistic determination to tre "society" by definition as a purely voluntary community held t gether by free consent, although he seems to hold that, not the co mon man, but only the fully politically conscious are truly membe of society. This is surely a dangerous thing for any democrat civil politics, although sound enough when one comes to describe church (ecclesiastical, or theologico-political like the modern total tarian parties). Professor Collingwood was perhaps too detached see the full practical implications of his own statement. The review put this book down with a sense of deep disappointment over a gre opportunity missed. It had the germs of a very important work, b it bears the marks of haste, whether due to the war or to Profess Collingwood's ill-health.

GEORGE CATLIN

LONDON, ENGLAND

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he Law of Civilization and Decay: An Essay on History. By Brooks Adams. With an Introduction by Charles A. Beard. New York, Alfred A. Knopf, Inc., 1943. New edition.—349, xi pp. $3.50.

It might be thought unnecessary to describe the contents of a book hich was first published almost half a century ago, which appeared ı two foreign languages and in several editions and reprints, and hich is declared by Mr. Charles A. Beard, who now introduces it, ı be "among the outstanding documents of intellectual history in ıe United States and, in a way, the Western World"; yet the re- ewer knew a young historian a few years ago who had recently nished writing a volume on the decline of ancient Rome and had ever heard of Brooks Adams' thesis. There are some books which ın so counter to the prevailing tendencies, or influences, of the ıciety in which they appear, that it is possible, in spite of the many reat qualities that they may possess, for something approaching a ınspiracy of silence to develop against them and gradually bury ıem in oblivion. It is impossible to know to what extent, if at all, ıe present study was subjected to such a process; but there can be ttle doubt that many of its pronouncements are of the kind that ould certainly have aroused during recent decades a wide and deep ɔstility.

The theme of *The Law of Civilization and Decay* is the course of story from the days of the Roman Republic down to the nineties the last century; yet less emphasis is placed upon the occurrences ıat actually make up that course than upon the nature of the course self, and the reasons why it prevailed. Thus there are vast stretches ıd regions of history, even within the selected field, to which little no reference is made; and only those sections of the historical rocess are described which seemed to the author most clearly to lustrate the nature and tendencies of the process as a whole. The ents dealt with are indicated by the titles of the chapters: "The omans", "The Middle Age", "The First Crusade", "The econd Crusade", "The Fall of Constantinople", "The Suppres- on of the Temple", "The English Reformation", "The Sup- ression of the Convents", "The Eviction of the Yeomen", "Spain ıd India", "Modern Centralization". But throughout these chap- rs much of the space is given over to a description and discussion the theory which is being brought out or maintained; and a final ıapter, "Conclusion", is similarly divided between fact and theory. erhaps a historical work of this kind, in which occurrences are pre-

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sented essentially with a view to expounding and emphasizing certa principles, might best be described as "a philosophy of history".

What makes the volume interesting and valuable today, howeve is not so much the "philosophy" which was ostensibly its ma purpose, as the history which was utilized to support the theor It is still probably true that, for the vast majority of people who one way or another come into contact with history as it may be studi and known, many of those events which are most significant for true understanding of the past remain hidden, or are so misrepr sented by various "interpretations" as to lose most of their re significance; and to no class of events is this observation more appl cable than to those which belong to what is generally called t "economic" sphere. It was in such happenings, largely connect with the ownership and operation of various forms of wealth, th Brooks Adams sought to discover a formula or "law" to accou for the main course of history down to his own time; and the fac which he utilized to carry out his purpose are still well worth t concentrated attention of all students who would attempt to kno how the present state of mankind came about, and especially of tho who have been partially befogged by various "official" histories.

Unfortunately much of the theory of the book tends to defe what must have been the fundamental purpose of the author; namel to use the past as a guide or a warning for the future. A contem tuous repudiation of religion as magic, superstition or greed is n likely to inspire confidence in an author among logical-minded rea ers; and an explanation of the course of history which ascribes a change to the operation of inexorable "natural laws" contains i own refutation. Everyone has a religion, even if it be only a wo ship of self, or a machine or "the laws of nature"; and if hum conduct is inevitable, so, too, are explanations of history, and tru and falsity do not exist.

Such weaknesses, however, may be ascribed largely to Broo Adams' background and environment and the age in which he live They should not be allowed to detract unduly from the real greatn of his work which was undoubtedly inspired by honest motives a which was carried through painstakingly and brilliantly. Merely evidence in the history of ideas in the late nineteenth and ea twentieth centuries the *Law* is well worth reading, and this value greatly enhanced in the present edition by Mr. Beard's maste Introduction.

DONALD J. PIERCE

TORONTO, CANADA

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The English People: Impressions and Observations.. By D. W. BROGAN. New York, Alfred A. Knopf, 1943.—xv, 296, xii pp. $3.00.

This is one of the most satisfactory of an unsatisfactory class of books, perhaps because it was written by an Irish Scot who has studied and traveled extensively in the United States and whose principal academic perch is a chair of political science at Cambridge University. The reader, who may well feel that the English people are not entirely amenable to the generalizations which Professor Brogan sets down, has nonetheless made the acquaintance of a versatile person who can distribute his energies at three English universities, at Chatham House, and the British Broadcasting Corporation; who cites Vergil and Ogden Nash to his purposes; and who seems never to have forgotten apt incident, wit or humor, whether he picked it up from the printed page or from experience in San Francisco or London. His is an interesting and entertaining book the present value of which in encouraging reasonableness is unquestionable.

It was designed to be a "candid, relevant, and serious" response to the American criticism of Great Britain which the author encountered during his visit of 1942 to the United States, and it does well on all counts at a fairly sophisticated level, except occasionally when it succumbs to mere display. In general its targets are American and English righteousness about themselves and each other, and its sharpest arrows are *tu quoques*. It sets up possibilism and common sense against perfectionism. It is blunt and substantial and goes straight at the most debatable issues, for example, education, caste, religion, and India. Somewhat surprisingly, the author keeps looking over his shoulder at a possible British reader, and he sacrifices some of the lasting value of his book by employing an abundance of ephemeral (*if presently pointed*) references in terms of minor persons, films, phrases and events. On the other hand, he again and again achieves depth of perception by his great learning in British history and tradition.

While these eight essays clearly cannot reach any great proportion of the American people, and while some of those who read them may be merely confirmed in their natural surrender to the convenience of stereotypes, yet for the serious reader they provide ample food for thought in attractive form. The similarities and differences of Americans and Britons never cease to be fascinating as the old Adam expresses himself in different and yet changing environments. Americans might well put Brogan on their shelves alongside the efforts of

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Emerson, James and Santayana to explain the mother country to Americans, for he is instinct with deeper knowledge of the English, is almost as detached as an American in observing them, and is far less solemn about the task.

The book invites quotation from many pages, but some remarks (p. 259) on "the sentimentality of the honest believers in the duty and ability of England to defend the weak everywhere, all the time", must serve to typify the pervasive temper of the author's observations.

> It is the fact that the English people have learned this lesson [that they are too poor to keep an extravagantly tender conscience], at last, that constitutes one of the chief barriers between the English and the American peoples. For it is wrong but not manifestly absurd to picture the United States as being in a position to refuse to deal with unreformed publicans and sinners while the battered, tired, toughened England that has had three years of dreadfully effective education in her own limitations has learned at last that completely free moral choice is a luxury that no state can now afford.

J. B. BREBNER

Postmortem on Malaya. By VIRGINIA THOMPSON. With a Foreword by SIR GEORGE SANSOM. New York, The Macmillan Co., 1943.—xix, 323 pp. $3.00.

This book is a study of an economic and political House That Jack Built, which crashed to the ground in the current world upheaval. It is the story of the extraordinary mushroom-like growth of Malaya under the auspices of Western culture, thriving for a time by virtue of the stream of Oriental manpower from neighboring lands into a region already occupied by a different type of Oriental, swelling, expanding, into the figure of an important area in the world economic scheme, and collapsing, for lack of any fiber in its being, crushed, like a mushroom, under the heel of Japanese invasion.

The British, together with the tremendous immigration of Chinese and Indians, combined to make this new growth out of the resources of the country—combined, but did not coagulate. Only the Malays, the people who were there before, took little interest in the new goings-on, stuck to their rice culture ("for subsistence and not for the market") and to their conception of *senang* (pleasant living), and let the opportunities of the expansion of Malaya pass them by. They were there before, and they will be there after the Japanese have been driven out, no doubt, much unchanged. Miss Thompson says:

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> A country that has put all its eggs, spiritually as well as physically, into the twin baskets of tin and rubber, on whose continued sale its economic survival depends, must always face the possibility that markets will be closed to it either as a result of deliberate national policy or through the discovery of substitutes. In such an eventuality Malaya would have to find compensatory economic development either by developing other exports or by balancing her internal economy so as to be less dependent on conditions beyond local control. The alternative, however, was one that would perhaps not dismay the average Malay of Malaya—that the alien Asiatic population would melt away in the face of a radically lowered standard of living and let the region revert to the indigenous people and to the jungle (pp. 15-16).

Miss Thompson tells of the growth of the country from the time when the British first came to Singapore in 1819 and found a town of 150 inhabitants, including 30 Chinese, until, in 1930, the whole of Malaya had a population of 4,500,000. Figures for 1931 showed that less than 57 per cent of the total population was born in Malaya. She charges the government with inaction and unwillingness to take responsibility in solving the problems engendered by this fantastic growth, in a country which could not possibly feed such a population, and which was "without financial backbone" (p. 30). The ups and downs are recounted, including the effects of the depression which "proved that overconcentration on tin and rubber, at the expense of a better balanced economy, had made Malaya's commercial history a fever chart of prosperity alternating with poverty, whose fluctuations were caused by world conditions almost wholly beyond local control" (p. 189).

Miss Thompson has not neglected the human element, which so often gets crowded out among the facts and figures. Drawn with nice accents into the picture are the easy-going Malays, who resisted all change in favor of preserving their way of life, the industrious, energetic Chinese, who undertook most of the mining, and preferred piecework as a further spur to their energies, and the Indian laborers, who were recruited to do the rubber-tapping, and who did not ever seem to merge or coalesce with either of the other two Asiatic groups. To complete her picture of the "mosaic of peoples", Miss Thompson mentions briefly the aborigines, Negrito, Sakai, and Proto-Malays. Every now and again there is a hint of the attitude of the Malay rajas, whose feudal rôle was carried over into modern times, and persists no doubt today under Japanese rule.

For all of these human factors in the problem that was Malaya, Miss Thompson shows considerable awareness and understanding. Only toward the British element is she curiously severe, failing to see

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them as one more cultural group, cast by historic chance into the rôle of master of this hodge-podge society, and no more free to break away from their own persistent mores and resistances to change than the Malays, the Chinese and the Indians. Twentieth-century Britishers inherited the problem of Malaya, as a responsibility, from the spirit of adventure of eighteenth- and nineteenth-century Britishers.

Miss Thompson charges that the British "failed to weld the people of the country into a Malayan nation" (p. 314). Fortunately, her stern treatment is offset by an exceedingly fine foreword by Sir George Sansom which introduces the book. He challenges her statement that "the British either should have sent adequate forces from outside, in the old-style imperialist tradition, or else should have given the resident peoples enough of a stake in the country to make it worth their while to defend British rule" (p. 313). Sansom answers that these are not real alternatives, and that "the fate of many small countries in Europe and Asia shows plainly enough that autonomy and a high degree of national unity are not in themselves a protective armour." He makes a special plea that the reader distinguish between "the factors of defeat which can be ascribed to colonial rule in general or to British colonial methods in particular, and those which are the product of common human fallibility faced with the complex and tormenting issues of the modern world" (p. xii). It must be said in Miss Thompson's favor that although she blames the British for not solving the problems, she omits nothing of their complexities, many of which have a familiar shape in an unfamiliar setting.

JANE BELO

PEEKSKILL, N. Y.

The Nazi State. By WILLIAM EBENSTEIN. New York and Toronto, Farrar & Rinehart, Inc., 1943.—xi, 355 pp. $2.75.

Ebenstein's book is designed for the general reader. It jams into 355 pages an amazing amount of factual information of a varying degree of correctness. In his attempt to attain all-inclusiveness and to do equal justice to the political, legal, cultural and economic aspects of the problem, the author delights in such sweeping generalizations as these: "every German is born an interventionist, regardless of the political creed and the time in which he is born" (p. 18), or "capitalism was practically speaking imposed by Prussia, first on her own citizenry after the Napoleonic wars, and after 1871 on all Germany" (p. 231).

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Mr. Ebenstein's scale of evaluation is more or less uncritically taken from a liberal pattern of society. In his description of economic institutions, he accepts the well-known thesis of the unique character of Germany's economic development, to the exclusion of such categories as capitalism and socialism, without too much effort, however, to make the material fit the thesis. He is proud of the fact that his study is based on "almost wholly German sources", but he has not used the German source material systematically. Even in those parts of his book where he succeeds in presenting a fairly comprehensive picture of German institutions (for example, the educational system in chapters 8 and 9), he reveals his limited familiarity with historical and institutional data. His delight in black-and-white juxtapositions and facile generalizations should warn the reader against unreserved acceptance of his judgments.

Mr. Ebenstein gets himself into serious trouble in his description of legal and economic institutions. Where, this reviewer wonders, does he find authority for such a statement as the following: "Small farms were confiscated by the authorities in order to build up as large a class as possible of . . . hereditary and entailed farms" (pp. 267-68)? How can relaxation of judicial control of administrative acts have resulted in the establishment of the *Reichsverwaltungsgericht* (p. 80)? (As a matter of fact, the plans for the establishment of such a court had led a busy life in the files of the Reich Ministry of the Interior for more than fifteen years.) In several instances Mr. Ebenstein's reading has just been too perfunctory to enable him to give his readers a clear conception of the theories and processes he describes. Such is obviously the case in his remarks on criminal law. His sweeping statements as to the difference between the German legal systems and "modern" ones leave the reader without any knowledge of the characteristic development of German criminal law and ignore the fact that National Socialism accepts the liberal reformers' (German and others) emphasis on personality factors, while it rejects the liberalistic insistence on procedural guarantees. Utterly incomprehensible is Mr. Ebenstein's treatment of juvenile delinquency which he followed up on the basis of newspaper information mainly (that is, on the basis of a seemingly incomplete file of *Deutche Allgemeine Zeitung*).

This reviewer refrains from taking issue with the author's political bias, an outspokenly pro-Austrian one. Mr. Ebenstein is on the verge of turning his own position to ridicule when he makes statements like this one: "For almost six centuries Germany had

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been a part of Austria, because the rulers of Austria, the Hapsburgs, were simultaneously the emperors of the Holy Roman Empire of the Teutonic Nation" (p. 319). The reader may start wondering whether the "Nazi State" might not have become "a part of Austria", too, on account of its Austrian *Führer*.

OTTO KIRCHHEIMER

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NEW YORK CITY

War without Inflation: The Psychological Approach to Problems of War Economy. By GEORGE KATONA. New York, Columbia University Press, 1942.—x, 213 pp. $2.50.

This book, with an objective clearly indicated by its title, sets forth the rise of, and the fight against, inflation. It is especially concerned with price fixing, rationing, taxation, saving and government publicity. On the jacket the author is called a "psychologist, an economist and a journalist." While his approach to taxation and saving does not differ much from the general approach of economists, it is in the other and basic parts of the book that the psychologist speaks. He will meet with very little opposition when he objects to a "mathematical" conception which would explain inflation simply in terms of the "gap" between a rising national income and a decreasing supply of civilian goods. Though these factors are fundamental, their effect upon prices, without any doubt, greatly depends upon the psychological factor. In this respect, inflation is a question of mass psychology. In the actual fight against inflation, valuable information may be gathered from past inflationary experiences of Germany and of other countries. But the usefulness of the comparative method is limited, owing to the tremendous divergencies of the historical situations involved. In each case the economic, populational and political structure of the country, its habits and traditions, and numberless other factors must be considered in the light of the concrete situation as it presents itself at the time when the strategic measures against inflation are to be taken. The fight, therefore, is essentially a matter of statecraft.

The approach of the author, who repeatedly refers to his work on educational and experimental psychology, is different. He attacks the problem from the position of a theoretically conceived experimental psychology of individuals. His infusion of theoretical digression into a book addressed to the public at large is less disturbing than the fact that the author's discussion is centered on an

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abstract human being rather than on the American of 1942. There is, in fact, very little reference to the particular American conditions. For instance, the author does not see that the attitude of the American public toward inflation is bound to differ from the attitude of a "blitzed" or "beleaguered" country. Nor is he concerned with the tremendous political difficulties which in this country hamper the fight against inflation and which perforce largely determine the methods to be used.

The aversion of many educational psychologists against punitive measures is shared by the author to such an extent that he refrains altogether from discussing them. Those measures, however, form an integral part of any organized fight against inflation. Here again the American scene presents great and special problems of a politico-psychological nature. Remarkably the author even looks askance at rationing. To him, there is too much compulsion in it.

On the other hand, the author's own suggestions are utterly vague or else highly questionable. Particularly—reversing the features of instalment buying—he advocates a plan under which motorists may make monthly payments during the war and receive a car after the war. He feels the seller's risk might be shouldered by the government. The immense legal and administrative difficulties of such a plan are not considered by the author.

Nevertheless, this is on the whole a thoughtful and well-written book of a learned author. But if he wonders about the fact that textbooks on war economy (and the same is true of monographs) are not concerned with those psychological aspects which he stresses, the answer might very well be that those aspects do not much contribute toward solving the problems of inflation.

ARTHUR NUSSBAUM

COLUMBIA UNIVERSITY

Economic Problems of War and Its Aftermath. Edited by CHESTER W. WRIGHT. Chicago, The University of Chicago Press, 1942.—xi, 197 pp. $2.00.

This symposium of seven lectures delivered under the Charles R. Walgreen Foundation covers a fairly large field of economics of war, ranging from the historical analysis of the effects of warfare in industrial development in Western Europe to the impact of modern warfare upon the general economic and social structure of society. Yet one important aspect of the problem was not included in these lectures : it would certainly have been appropriate to deal also with the

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international side of war economy and its post-war problems; of that the reader finds little in any of the seven chapters.

Very instructive is John U. Nef's chapter on war and the early industrial revolution. Pointing out that the great industrial and commercial progress in England took place during the period in the sixteenth and seventeenth centuries, when England was not involved in the various Continental wars, Professor Nef corrects a widespread opinion, often based upon Werner Sombart's books, that wars were the decisive factor in the development of modern capitalism.

Three chapters are devoted to the problem of inflation in wartime. Most of Chester W. Wright's very good chapter, "Economic Lessons from Previous Wars", deals with the financing of this country's three major wars. A comparison of this experience and of the development in the present war with the war financing policy in Great Britain would invite an analysis of the reasons why it has always been more difficult to combat inflation in this country than in Great Britain. It does not seem sufficient to explain this fact chiefly by reference to a different political structure. Professor Simeon E. Leland discusses "Next Steps in Financing the War". Everybody will agree with his statement that "the greater the ratio of taxes to total costs, the less are the possibilities of inflation" and "the real question rather is can we afford not to increase taxes in the months and years immediately ahead?" Leland believes that an immediate compulsory purchase plan of government bonds is necessary. Theodore O. Yntema, in his analysis of price control, regards such controls as imperative to prevent inequities and to decelerate the growth of inflation. He prefers a selective to a comprehensive price control. Selective price-ceiling orders, according to him, were an effective brake on prices especially during 1941. Yet it should not be forgotten that at that time the impact of war on national economy was not as heavy as in 1942 and 1943. There was still ample production of civilian goods, and the national income had not reached the 1942 figures. When he says that the value of nonfiscal price controls should not be underestimated because they can provide the means for effective rear-guard action to slow down the progress of inflation, he should at the time state clearly the limits of all such measures with regard to the fight against inflation. There is no doubt that price controls are often preferred by politicians as an easier expedient, but it should be pointed out how fallacious it has been to believe that it is more than a palliative measure.

Wiliam F. Ogburn's chapter, "The War State", is a sketchy survey of the changes which total war brings about in national economy.

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The author indicates that wartime economy may leave lasting modifications in the economic structure afterward. The reviewer would have liked to see this statement a little expanded especially with regard to the modifications which, in the author's opinion, could be considered as a direct outgrowth of war economy.

There is Professor Frank H. Knight's excellent and profound chapter on "The War and the Crisis of Individualism". Dealing with the connection between economics and other forms of individualism, Knight rightly emphasizes that "the possibility of democratic government is dependent upon minimizing the coercive functions in favor of individual liberty in other fields, but particularly upon not loading up the government with business-management tasks." This chapter is a very useful contribution to the problem of the limits of government's control over national economy, should the democratic system be preserved.

In the last chapter, "The Structure of Future Society", Moritz Bonn attempts to outline what might be the future social structure as a result of the present struggle. Perhaps most interesting are his comments on the leveling regimentation. He deals with the changing attitude of labor in the United States, and he remarks that "the ranks of the property-owning classes are swelling all the time but the place of property in society is rapidly changing", and "positions are becoming more important than possessions". Though convinced that rational reconstruction can be achieved, he is not sure that it will be achieved, because it has become so difficult to overcome the surging forces of irrationalism. The reviewer wishes that Bonn had elaborated on some of his statements which, though very interesting, are somewhat vague.

ANTONÍN BASCH

COLUMBIA UNIVERSITY

Vichy: Two Years of Deception. By LÉON MARCHAL. New York, The Macmillan Co., 1943.—vi, 251 pp. $2.50.

The full story of Vichy will be a long time in the telling. Pending final balancing of the books of this "sojourn in limbo", we may expect an increasing number of personal interpretations and accounts such as this. The curtain which fell between France and the outside world with the armistice of June 1940 has made it well-nigh impossible to obtain a reliable picture of the state of affairs within the country. This situation lends all the more interest to the account of M. Marchal who did not break with Vichy to join the de Gaulle

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forces until April 1942 after the return of Laval to power.

The fact and the date of his departure are in themselves significant and the chief value of the story lies not so much in novel revelations —of which there are none of importance—as in the reaction to a developing situation on the part of a person in a position to cross the barrier. The book follows in the main the chronological order of events illustrated by vignettes of some of the chief actors in the French tragedy. Laval emerges as Hitler's *âme damnée* in the piece Laval's policy toward Germany—fundamentally not very differen from that of Neville Chamberlain—has been placed in an entirely different context by the accidents of war and defeat which have provided an opportunity for a singularly unattractive personality to realize its worst potentialities to the full. Marshal Pétain appear in an altogether different light, neither senile nor wicked. The contrast between him and his chief minister, as well as the radically different nature of the authoritarianism which he has sought to introduce in France and that of the German brand, is properly emphasized and well brought out.

At the same time, Pétain's personal prestige and unquestioned integrity have made his influence even more nefarious than Laval's for, in the hectic days of June 1940, the weight of this prestige was one of the factors which prevented the continuation of the struggle outside of France. This fatal if not unreasonable mistake once made the avowed German policy of piecemeal demands, no single one warranting a break, had an opportunity of doing its work of gradual disintegration. Weygand, another patriotic Frenchman, was the specific instrument of that policy in North Africa, until he too fell foul of German confidence. This interpretation seems sound. One wishes that M. Marchal had thrown more light on just how much importance Pétain attaches to his "National Revolution" by comparison with the passing episode of German victory. A man of eighty-five may develop a sense of personal acquaintance with eternity which perhaps explains Pétain's latest appeal to the future as he ally against the retrograde tendencies of men half his age.

Appropriately, the book closes on a note of confidence in the restoration of France. When the day of reckoning comes in Europe, it may be as surprising to Marshal Pétain to discover how little voice France is expected to have as it is to the allies to find out the weight that she will carry.

RENÉ ALBRECHT-CARRIÉ

QUEENS COLLEGE

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Raymond Poincaré and the French Presidency. By GORDON WRIGHT. Stanford University, Stanford University Press, London, Oxford University Press, 1942.—ix, 271 pp. $3.50.

This study is confined to one short phase of a long and distinguished career. Nevertheless, it involves so many points of bitter controversy and so many political and personal antagonisms that the author's fairness in pronouncing or withholding judgments deserves emphatic commendation. For the most part he has taken the safe line; he has preferred to lay before us the cleavages of French opinion rather than to harmonize or choose between them.

Poincaré remains something of an enigma. He cannot have been, as enemies have said, simply cold, calculating, ambitious. He had a heart hidden away somewhere. He did love and serve France. Yet even his colleagues were repelled by the Arctic atmosphere that seemed to envelop him, by his almost inhuman capacity for work and for recollection of detail, and by his habit of writing voluminous letters and memoranda in the manner of Victoria's Prince Consort. He seemed bent upon superintending everything and advising everyone. Clemenceau, who had suffered from epistolary barrages, said in retrospect: "Oh, how he could write! Every time I saw his dainty little handwriting it threw me into a frenzy." Poincaré was impervious to humor. His only vice appears to have been occasional indulgence in a game of dominoes. Wits derided his unique qualities. He was perfection, but no more than that; he knew everything, but understood nothing.

In the face of incongruous appraisals, Professor Wright has attempted no specious simplification. He depicts Poincaré as friends, enemies and neutral observers saw him. Through various eyes we watch for seven years the shifting fortunes of a strong man in a weak office and witness at last, with the arrival of Clemenceau, almost an analogy to Casimir-Périer's humiliation. In fact, Poincaré's subsidence began even earlier. Ribot not only warned him to talk less frequently in the Council of Ministers, but began what the two succeeding premiers carried much farther, a reversion to cabinet councils. The Elysée was isolated. In the phrase of Ernest Judet, Clemenceau tolerated Poincaré only after having confiscated the executive and thereby annexed him. Poincaré left the presidency almost exactly as he had found it. Strange things did happen in the first years of his septennate; for example, committees of both chambers appealed to him over the head of the cabinet. But, although Poincaré wished to be influential, he was mastered by rigid legalism and could not sanction breaches of hallowed constitutional practice. Is

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that the reason for his coming down, down "like glistering Phaëthon", or should we follow the suggestion that, instead of being really the strong man who might have redeemed the Third Republic, he was, as Bismarck said of Salisbury, lath painted to resemble iron?

In most respects this is a satisfying book. Drawing upon a wide range of French materials, it clarifies many obscure incidents and exposes some reckless misstatements. The charge made by Dr. Harry Elmer Barnes that Russian subsidies brought about the election of Poincaré becomes grotesque in the light of factual analysis. On the other hand, a few minor defects might be noticed. The National Assembly, we are told, believed that it was creating a strong presidency. But Professor Wright scarcely can have read his supporting citations; for both Laboulaye and Dufaure left the Assembly in no doubt whatever that in France, as in Great Britain, the responsible ministry was to control the executive powers. Nor should it be said that MacMahon killed the right of dissolution. As Doumergue made clear in 1934, the seat of the trouble lay with the senatorial veto.

The index is of a dangerous type. Superficially regarded, its apparent fulness invites reliance. In reality it has been compiled carelessly. Thus, references under the name of Léon Bourgeois fail to note that Poincaré (as the text indicates on at least three different pages) urged him to be a presidential candidate. An incomplete and therefore deceptive index should not be attached to a scholarly work.

EDWARD MCCHESNEY SAIT

POMONA COLLEGE

Man's Most Dangerous Myth: The Fallacy of Race. By M. F. ASHLEY MONTAGU. With a Foreword by Aldous Huxley. New York, Columbia University Press, 1942.—xiii, 216 pp. $2.25.

In a handy volume of some two hundred pages, Professor Montagu has reprinted and filled out with new matter articles he previously published in learned journals on various aspects of the notion of race. Since in his title he calls that notion a dangerous myth and in his subtitle, a fallacy, it is not hard to guess that he is among those anthropologists who repudiate the belief that mankind is naturally divided into separate varieties or races. Making use of his many qualifications as anatomist, physical and cultural anthropologist, and student of history, he leaves none of the many wriggling tentacles of the race idea uncut—or at least unhacked.

Yet from this multiplicity of criticisms there may well arise a certain confusion in the minds of the author's intended audience—

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the lay public. Professor Montagu is full of illustrations, comparisons and arguments; he cites numerous other authorities, often without straining out details not immediately relevant; and in making this collection of essays, he has had to weld together pieces written at different times for different purposes. All this creates a repetitive, contrapuntal effect which achieves less clarity and firmness of outline than seem desirable for a subject in itself so complicated. Something of the added confusion appears in the very title, where race is presented as both a myth and a fallacy. It may indeed *be* both, but the two ways of looking at it which lead to these two names should be sorted out. There should be a distinction made between two important elements in race feelings—one, the convenient word or picture corresponding to felt differences among men, and two, the erroneous inferences, based on this image, which lead to anti-social acts. This distinction the author does not draw; he seems rather inclined to circumvent the difficulty by admitting—with Haddon and Huxley—the existence of ethnic types, and by attacking merely the fallacious reasonings clustered around the feeling that types exist. This is but another way of saying that in speaking of "race" mixture and of genetics, he does not expound clearly enough the modern view of genes, populations, and what might be called the limitations of heredity. In one who aptly quotes Dobzhansky, it is a pity to observe this omission, made perhaps in favor of social criticism and pleas for tolerance that scarcely belong to the subject. The net effect, curiously enough, is to place Professor Montagu side by side with Haddon and Huxley among those who seem to borrow for purposes of explanation the very concept they are ostensibly refuting.

This really means that our author is more concerned with questions of human relations, feelings of inferiority and superiority, color prejudice, and frustration feeding social aggressiveness, than this reviewer thinks useful in the task of discrediting a myth and riddling a fallacy. It is difficult, moreover, to follow him when he declares tolerance less worthy if accompanied by dislike of those tolerated; when he would like measures taken against individual frustrations early in life; and when he uses rough-and-ready generalizations about the relation of the individual to his culture. In other words, the author is at once a perfectionist and a man who will use any handy stick as a weapon. We admire his zeal and respect his learning, but we should prefer more fastidious tactics and a more orderly strategy.

JACQUES BARZUN

COLUMBIA UNIVERSITY

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Latin America: Its Place in World Life. By SAMUEL GUY INMAN. Revised edition. New York, Harcourt, Brace & Co., 1942.—viii, 466 pp. $3.75.

The author says that "nearly half of the material in this revised edition is new." A comparison with the original edition published in 1937 substantiates this statement. While the new material deals largely with the latest facts about the twenty southern republics, the general result does not neglect the historical origin and evolution of the numerous topics that go to make up the book.

The present reviewer had a variety of reactions to Dr. Inman's work. He admits that some of these reactions may have been as much a consequence of his own predilections as they were true reflections from the materials. At any rate he feels that the author made his most significant contributions on the topics usually classified as sociological and educational, topics upon which the general reader in this country encounters much difficulty in the way of materials. Certainly this does not mean that the author has not made substantial contributions also on many other topics. Indeed, it would be difficult to find a single volume on Latin America in any language that offers more information than this one by Dr. Inman.

At this point some of the unfavorable reactions must be recorded. Most of them are a consequence of a long list of factual errors which the author has permitted to slip into and to mar his volume. Here follows a part of the list. Negro immigration to Brazil was not stopped in 1830 (p. 58), but in 1850. President Theodore Roosevelt's alleged bluff of the Kaiser during the second Venezuelan episode (p. 100) was proved a myth a quarter-century ago; the United States did not begin intervention in Nicaragua in 1912 (p. 104); the government at Buenos Aires did attempt to oppose the independence movement in Paraguay (p. 113); Napoleon invaded Portugal in 1807, not in 1808 (p. 125); João I returned to Portugal in 1821, not in 1820 (p. 125); Brazil was not granted a new constitution in 1845 (p. 125), nor within twenty years of that date; Brazil was not one of the Latin American republics in 1850 (p. 125); the revolution in São Paulo in 1932 was not the most sanguinary conflict in the Western Hemisphere after the Civil War in the United States (p. 204); the Platt Amendment was abrogated in 1934, not in 1936 (p. 242); Irigoyen's second term as President of Argentina ended in 1930, not in 1931 (p. 321).

In general the reviewer's reaction to the author's style and method of presentation was favorable. Now and then, however, he came

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across sections of considerable length, especially in chapters 13, 14 and 17, in which the material was set forth in very poor form. Although no reader would agree with all the interpretations encountered in the volume, probably he should concede the author's sincerity in his conclusions. They are in almost all cases friendly to the Latin Americans, whom he often idealizes.

Despite the fact that the bibliography is quite extensive, many items of recent publication in this country are omitted. The general format of the book is good and the brief index is useful.

Finally, it may be repeated that here is a volume packed with good material for the general reader and for the student. Dr. Inman's long experience in Latin America has borne much fruit.

LAWRENCE F. HILL

THE OHIO STATE UNIVERSITY

World Minerals and World Peace. By CHARLES K. LEITH, J. W. FURNESS and CLEONA LEWIS. Washington, The Brookings Institution, 1943.—xii, 253 pp. $2.50.

Minerals in World Affairs. By T. S. LOVERING. New York, Prentice-Hall, Inc., 1943.—ix, 394 pp. $4.00.

These two books are not so closely related as their titles might suggest. Professor Lovering's book is aimed at readers who know little about minerals, and over two hundred of its pages are devoted to an excellent discussion of the minerals themselves, prefaced by an admirably concise chapter on their geology. It is perhaps not too much to say that for a general reader who wishes to acquire a fair general understanding of economic geology it is quite the best book to read, each chapter being supplemented by a well-selected bibliography. The other book is intended for those who already have such a general knowledge and is a much more advanced treatment of the detailed problems of international trade in mineral commodities. Taken together they supplement each other to good advantage.

Both works are the products of authors whose main field is economic geology, a phrase which usually covers a technical treatment of the geology of minerals that contribute to human welfare, rather than a broad and comprehensive consideration of their economics. Professor Lovering's book is especially weak in the latter respect. Its first hundred pages begin with a discussion of ethics, minerals and national power and a brief and not very satisfactory review of the economics of the mineral industries. Fifty pages are devoted to

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a review of the effects of the utilization of minerals in human development, in which too much space is devoted to ancient times and too little to the modern era. Its attempt to deal with cartels is particularly unsatisfactory; the Aluminum Co. of America is said to be a cartel, which is much like saying Di Maggio is a baseball team.

The book by Leith, Furness and Lewis is especially notable for its statistical presentation of the subject matter of its field, and its graphic charts of world trade in specific commodities are much more easily understandable than such charts usually are, because the movements of raw materials and refined products are shown on separate charts. The chapter on access to raw materials consists of a series of questions and answers, which makes for interest. One of the interesting points made is the distinction between *equality* of access and *freedom* of access to raw materials, and another is that complete freedom of international movement would emphasize rather than mitigate the inequalities of world distribution imposed by nature. The final chapter, on mineral control and peace, is Dr. Leith's alone, presenting his views. It accepts the principle of "mineral sanctions" as a mechanism of world control, which seems to the reviewer a return to the concept of power politics which plagued Europe for a century before 1914 and has been so banefully developed by the Axis. To reconcile it with acceptance of the principles of the Atlantic Charter seems as difficult as to be simultaneously a biologist and a Christian Scientist. None of these authors seem to realize fully the basic fact that international trade, being a flow, must be regulated and controlled if it is to function satisfactorily for the greatest good of the greatest number. As to how that can best be done there is still much to be learned. Neither technologists nor politicians, working alone, seem likely to achieve it quickly.

THOMAS T. READ

COLUMBIA UNIVERSITY

American Agriculture, 1899-1939: A Study of Output, Employment and Productivity. By HAROLD BARGER and HANS H. LANDSBERG. New York, National Bureau of Economic Research, Inc., 1942.—xxii, 435 pp. $3.00.

This volume is one of several dealing with trends of production and of productivity in America since the opening of the twentieth century. The student will find it an excellent work of reference on the changes, over a period of forty years, in the various branches

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of agricultural production. It also presents a brief summary of one view of general agricultural development. For good measure, at the end, this view is vigorously opposed as a misreading of the facts, by C. Reinold Noyes, director of the organization which published the volume.

The aims of the book (p. 14) are "to assemble indexes of total agricultural output and its constituent parts, to explain their movements as well as the shifting pattern of output [Part II], and finally to compare the behavior of output with changes in the volume of agricultural employment" (Part III). A new index of agricultural output for the years since 1899 and indexes for some fifteen major groups of farm products are presented. The new index reveals nothing significant not already revealed by three other indexes of agricultural output now in existence; its value lies in the confirmation which, although differently constructed from the others, it lends to the tendencies shown by them. The group indexes reveal a striking variety in patterns of movement. At one extreme is citrus fruit, increasing in output more than tenfold during the forty years. At the other extreme is hay, production of which, due to the virtual disappearance of the city horse, fell off four-fifths. However, with disarming candor, the authors confess that in some ways their index numbers conceal more than they reveal; accordingly, they set forth explicitly the circumstances of supply and demand peculiar to individual commodities. These brief commentaries are among the most interesting and informative features of the book.

The fact that some 85 per cent of net farm output is destined for human food, most of which is consumed domestically, prompts the authors to devote a chapter to food consumption and changes in eating habits on the part of the people of the United States. This includes a brief survey of the important discoveries in the field of nutrition (pp. 141-49). The authors believe that a rise in nutritional standards is desirable, and attempt to delineate the changes in the sphere of agricultural production that this will involve. This attempt is followed by a review of advances in farm technology and in plant and animal breeding. In chapter 6, which demonstrates the difficulties of dealing with the statistics of farm employment, we have the least satisfactory part of the book. Chapter 7 brings together output, employment and technology in an analysis of changes in agricultural productivity from 1899 to 1939.

The final chapter gives the authors' view of the position of agriculture in the national economy. In the fact that since 1899 the output

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of farm products has increased by about 50 per cent, or at a somewhat slower rate than population, while its composition has changed materially, the authors see clear evidence of a downward trend in the relative importance of agriculture. This downward trend, they explain, may conceivably be halted through (1) the possibility of a change in the character of the food supply, (2) an expansion in the demand for industrial raw materials, (3) a revival of foreign trade, (4) government policies, (5) the effect of the present war. Only with respect to the first of these factors, however, do the authors express any optimism, and there only in so far as continued diversification of diet may mitigate in some degree the decline, to be expected for other reasons, in the demand for the services of farm people.

WILLIAM T. HAM

WASHINGTON, D. C.

The Tennessee Valley Authority: A Study in Public Administration. By C. HERMAN PRITCHETT. Chapel Hill, The University of North Carolina Press, 1943.—xiii, 333 pp. $3.50.

The author's subtitle indicates the emphasis of this volume. It is an analysis of the administrative experience of a government venture in public enterprise. The reader will find, however, a satisfactory description of the origin and nature of the multiple-purpose program of water control in a river channel and on the land, of power generation and use, and of regional planning for the welfare of the people living in the river valley or near enough to be benefited by the public enterprise.

TVA's administrative experience has advanced the frontiers of public administration with reference to corporate organization and freedom, to external relations with the President, with federal departments, with state and local governments, and to personnel administration. Each of these problems is clearly analyzed by the writer who brings to the task an understanding based upon personal experience as a TVA employee and, as he frankly admits, a bias to the Authority's program. The volume's slightly eulogistic slant is tempered by a critical attitude which, however, never reaches a serious break with TVA policy and practice.

TVA's original internal organization was built on the unorthodox plan of merging policy-making and administration in the same hands, which would work only with the "conscious effort and good will of the participants." TVA's administrative experience reveals the truth

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of this axiom. After an initial period of achievement, the divided directorate failed to function coöperatively. A general manager was appointed. Here again TVA enlarged the practice of public administration by showing that the rôle of a general manager is not management but "to act as a coordinator of specialists," and to interpret the board's policies for execution by the operating departments. While the author sees advantages in TVA's full-time board, he raises the question whether this is less desirable than a large part-time policy-forming board representative of "various interested viewpoints".

TVA has demonstrated that government can administer successfully a public enterprise by means of a decentralized autonomous regional agency organized in the corporate form. No small part of this experience demonstrates that the public corporation can provide for the execution of public policy without increasing the weight of the central bureaucracy. While the author is convinced that TVA's experience as an autonomous planning and operating agency is good, he believes that the extension of TVA in other river valleys is "probably not desirable" because it would create "very difficult problems of coordination with the regular functional departments of the federal Government." On this line of reasoning the reviewer fails to follow the author.

It is in the field of public personnel administration that TVA has made its most important contribution to the practice of public administration, which is recognized by the fact that it is the only federal corporation allowed exemption from the central civil service system. It is the author's opinion that TVA eventually should come into the regular channel of the civil service. This view is based on the ground that the United States Civil Service Commission is not what it used to be, "a plodding, routine-ridden, policing organization," but has become a positive force for improving the federal civil service.

Mr. Pritchett views TVA as a *symbol* in that it "symbolizes man in control of his environment and directing his destiny", as *instrument* of government and as *portent* of the future. TVA's administrative experience demonstrates that the public welfare can be advanced by efficient, responsible public administration without the delays of routine and red tape. In this the Authority's larger contribution is the "basis it has supplied for faith in democratic institutions."

JAMES E. PATE

COLLEGE OF WILLIAM AND MARY

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Postwar Economic Problems. Edited by SEYMOUR E. HARRIS. New York and London, McGraw-Hill Book Co., Inc., 1943.—xii, 417 pp. $3.50.

This book contains contributions by well-known economists on the economic problems which they regard as important in relation to employment and public welfare in the post-war period.

Since the problem of full employment has been the center of economic speculation during the depression years, the contributions take their coloration largely from the unemployment experience of the past decade. The chief concern of the various writers is that of full employment after the war. The book is divided into the following parts: I, "The Issue of Full Employment"; II, "The State of Capitalism"; III, "Statistical Information and Economic Policy"; IV, "Fiscal and Related Problems"; V, "Labor and Social Security"; VI, "Agriculture and Related Problems"; VII, "International Economic Relations"; VIII, "Postwar Controls".

The list of subjects may suggest that only Part I is concerned with the problem of employment, but actually much of the discussion in other parts relates either directly or indirectly to this subject.

In the section on "Full Employment" the emphasis is on the necessity of having "offsets" to savings, if a high level of employment is to be maintained. Since savings are the balance of income not appearing as consumer expenditures, this means, of course, that income received must be spent or national income received will decline.

The stagnation principle hangs on the alleged tendency of saving to exceed investment. It is this tendency which is held responsible for depression and unemployment. When investment fails to absorb current savings, income declines to a level such that savings will equal investment. One writer (Mr. Samuelson) points out that savings tend, in the long run, to vary little as a per cent of income although there is a cyclical movement in the percentage.

The remedies suggested for these tendencies are: increases in the percentage of income going into consumer expenditures by improving the lot of the lower income groups, "an upward shift in the propensity to consume at each level of income", and expenditures for public works when investments lag as compared with savings.

If the public works are financed by bond issues instead of taxation the expansional effect will be greater than if financed from current taxation.

The theory suited to an inflationary economy such as that prevailing in wartime and threatened in the early post-war period require

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a reverse emphasis as to public finance in comparison with that recommended for depression periods. The emphasis should be on raising more money by taxation and less by bond issues. At such a time savings are insufficient. More money must go into facilities and war supplies, if war is in progress, and less into consumer expenditures. Since the early post-war period may have some of the characteristics of the war economy, at least in certain areas of production where there is a scarcity of materials and excessive demand, it may be necessary to extend some of the war controls until there is a fair adjustment of facilities and supplies to peacetime production.

One of the writers (Mr. Richard Bissell) places emphasis on improving the opportunities for investment so that private enterprise will tend to make the investments required to offset savings and maintain a high level of income. "From time to time public and private institutions and policies develop in such a way that environmental conditions become unfavorable to economic activity. This may occur through the growth of monopoly in business or of a structure of labor policies that hamper innovations" (p. 84). The reviewer feels that the "oversavings" and the "stagnation" principle do not fully explain the depression of the thirties.

An outstanding contribution in Part II on capitalism in the post-war world is that of Joseph A. Schumpeter, of Harvard. He thinks that many of the wartime controls will persist in the post-war period and that we shall have "guided capitalism" and "an amphibial state". In other words, he predicts a considerable hang-over for the bureaucrats. He also had in mind that these bureaucrats would be the civil servant experts, not foreseeing the extent to which the business interests would become the bureaucrats of the war period.

The contributors on "International Economic Relations" favor a return to greater freedom of trade after the war, with at least a period of rehabilitation when efforts will be made to stabilize the exchanges either by dollar loans to countries where a scarcity of dollars may prevail or by the establishment of dollar credits in such areas with a view of facilitating the movements of trade and commerce. Various arrangements for accomplishing these objectives are discussed.

The discussion of economic controls in the post-war period is concerned mainly with the problem of price control. The conclusion on this point is that "the adoption of price control as a general and permanent policy amounts to the choice of a basically different type of economic system than that which we have had."

It is apparent in reading the book that each author's solution of

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the post-war economic problem is associated closely with his views as to the causes of the depression of the thirties. Consequently, the points of view expressed in the book are those which a reader of economic periodicals has encountered during the depression of the past decade. It is this circumstance which accounts for the large amount of space given to the problem of unemployment and full employment.

SPURGEON BELL

WASHINGTON, D. C.

An Economic Program for a Living Democracy. By IRVING H. FLAMM. New York, Liveright Publishing Corporation, 1942. —xv, 342 pp. $3.00.

Planning for planning is a spreading avocation for thoughtful souls with much good will toward the underprivileged and a questionable amount toward those who, contrary to righteous conduct, eschew such plans of economic reorganization. Informed public opinion on the realizable possibilities, the benefits and costs of economic reform is unquestionably desirable. No level of public unenlightenment, however, can excuse or be improved by much of the rising flow of opinion, imagery and downright hallucination presently flooding a sellers' market. Admittedly we are not the best judges of this question. Posterity is not only a better judge; it will pass the final opinion; but as legatee, without recourse, of our collective wisdom or ignorance, it will also be less likely to criticize. The followers of Adam Smith and the great liberators loosened the control of government over economic affairs, but few advocates of state control in this generation excoriate them for leading the world to perdition and away from the blissful path to prosperity and social welfare it would (?) otherwise have followed. The "culprits" escaped and nothing can be done about it. In the nature of the case an appraisal of economic reforms must be made at the time of decision with whatever wisdom exists. It takes more ink and paper to reach a decision today than it did in 1775. No inconsiderable amount of both are to be found in Mr. Flamm's volume, which presents a plan for national planning. More descriptively it may be said to present a fantasy called "A capitalistic approach to a semisocialist democratic society in which laws will be moulded, not to repress, but to conform to, natural human motivation; . . ." etc. It is written by a lawyer with a strange order of faith in lawyers, business men, public officials, and others.

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"We lawyers, as high priests of the law, are qualified social engineers and should therefore assume the initiative in the task of economic reorganization" (p. x). The present economic system breeds greed, injustice, intolerance. It is predatory and wasteful; it is run by reckless incompetents; it is not devoted to the principle of social utility. Purchasing power for the masses is the real bottleneck, et cetera. Regulation decreases productivity; therefore, we need a common goal, government ownership and control. But also we need private enterprise where it is more efficient than public enterprise. Hence, government should help private enterprise to survive, and simultaneously operate competing public enterprises. Support for the scheme will come from an appeal to self-interest—buy out the propertied class with government bonds and tax them as bondholders for amortization. A National Planning Board and a battery of fourteen administrative boards to execute its plans should run or direct the economy. "The proposed plan does not, of course, purport to be a complete plan of action with all details filled in; nor is it likely to be free from objections. . . . No perfection is required, for we have a very imperfect world now" (p. 194). "Under a planned economy . . . there will be no occasion to fear mistakes. The mistakes, as well as the gains, will be shared by the public" (p. 225). It is hardly surprising that the "three learned gentlemen" who read the manuscript and who "appeared to concede that the analysis . . . and the proposed remedy had considerable merit" nevertheless replied: "What's the use? Your proposal may be fair and workable, but the big boys will not be interested" (p. 180). Nor should one conclude that, with other literature to read on the subject, the absence of widespread public debate on the "living democracy" signifies general endorsement.

ROBERT D. CALKINS

The Great Southwest Strike. By RUTH A. ALLEN. Austin, The University of Texas, Publication No. 4214, 1942.—v, 174 pp. Free.

The Pullman Strike: The Story of a Unique Experiment and of a Great Labor Upheaval. By ALMONT LINDSEY. Chicago, The University of Chicago Press, 1942.—xi, 385 pp. $3.75.

These two publications are interesting and well-written additions to American labor history. The course of events in the Southwest strike of 1886 was remarkably similar to that in the Pullman upheaval of 1894. Both involved a considerable portion of the nation's

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railroads. The former began on the Texas and Pacific, and spread to the Missouri Pacific system. The latter broke out in the Pullman shops near Chicago, but, because of a boycott, soon involved not only nearly all the trains entering Chicago, but a large number elsewhere, as well. In both cases, the strikers were shopmen, yardmen and maintenance of way workers. The failure of the trainmen and the enginemen to participate and, in the Pullman strike, the active opposition of their unions greatly weakened the strikers.

The spark which set off both strikes was the arbitrary discharge of local union leaders; but, fundamentally, both were caused by the accumulated grievances of workers, especially those over wage reductions despite already low earnings. Neither Martin Irons nor Eugene Debs, the respective strike leaders, wanted a walkout. Both were doubtful of the ability of unskilled, undisciplined workers, with virtually no union treasury to back them up, to defeat the powerful railroads. Yet when the rank and file voted to cease work, both men unhesitatingly accepted their responsibility. In neither strike, would the affected railroad tycoon compromise. "There is nothing to arbitrate" summed up the attitude of Jay Gould and George Pullman.

Both strikes were featured by violence, bloodshed, property damage, and large-scale use of troops. In both cases, the press was quite modern, being almost unanimously opposed to the strikers. "Misrepresentation", "falsification" and "gross exaggeration" enabled the press "to arouse the strongest ill will against labor." Undoubtedly, this was an important influence in the defeat of the workers. The Southwest strike hastened the decline of the Knights of Labor; the Pullman strike ended the promising career of the American Railway Union.

In both instances, the hostile attitude of the courts was a decisive factor in the outcome. Martin Irons spoke for his constituents when he declared that he considered the courts were the tools of Jay Gould. The Texas and Pacific was in federal receivership; therefore, ruled the judges, the workers were employees of the federal government, and subject to sentence for contempt of court. Sentences were "immediate and severe". But when Mr. Irons demanded that the Texas and Pacific employees be given the eight-hour day, as were other government workers, the judge only "hemmed and hawed". T. V. Powderly, chief of the Knights of Labor, declared that the courts "gathered them into legal meshes just as a fisherman throws out his net and takes in what he can."

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With the full approval of President Cleveland, Richard Olney, United States Attorney-General, threw the weight of the federal government against the Pullman strikers. Olney, a prominent railroad stockholder and director, appointed the counsel of the railroads as special assistant district attorney. Federal troops were dispatched to Chicago and other points, over the objections of impartial Governor John P. Altgeld, and, therefore, probably unconstitutionally. The blanket injunction under the Sherman Act was effectively used and popularized, sending Debs to jail for contempt of court—despite the fact that he was never convicted of doing what the injunction forbade! Debs believed that the collapse of the strike was achieved, not by the railroads or by the troops, but by the courts, whose injunctions demoralized the union's leaders and members alike.

Professor Lindsey's book is more than the story of a great labor upheaval. It is also the history of a "model town", established by Pullman, and named after its founder. It was hailed as the solution of the labor problem, and a great philanthropic enterprise. Actually, it was paternalism at its worst, a cross between "some form of medieval barony", and a "financial investment [which] was expected to earn at least 6 per cent on the entire cost." Not long after the strike, the town was incorporated into Chicago, and "sank to the commonplace of the ordinary industrial community."

The labor economist might well wish that Professor Lindsey had explored more fully the effect of the defeat of the American Railway Union on railroad union structure. Established as an industrial union in 1893, it grew rapidly and claimed 150,000 members when the Pullman strike began one year later. Defections to Debs's union nearly caused the collapse of the shop craft and maintenance of way unions, and did cause a switchmen's union to go defunct. But the defeat at Pullman, which doomed the American Railway Union, also loomed industrial unionism on the railroads. Henceforth, all crafts were ready to follow the leadership of the Big Four operating brotherhoods.

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BOOK NOTES

In 1868, when Germany was in process of unification by the Prussian method of blood and iron, Jacob Burckhardt, the Swiss historian of the art and civilization of the Italian Renaissance, wrote notes for a course of lectures which were delivered at the University of Basel as an introduction to the study of history. Together with notes for some other lectures, on the great men of history and on fortune and misfortune in history, these were prepared for publication after his death and appeared as *Weltgeschichtliche Betrachtungen.* A revised edition was published in 1941, and an English translation of this has now been brought out with the title *Force and Freedom: Reflections on History* (New York, Pantheon Books, Inc., 1943; vi, 382 pp. $3.50). The editor, James Hastings Nichols, contributes a seventy-five page introduction in which he appraises Burckhardt in the context of his times as a man, a historian and a prophet. Burckhardt deplored the major European developments of his age. He saw in the establishment of great states a menace to liberty and a preliminary to totalitarianism, in political democracy the preparation for dictatorship, in increasing commercialism the debasement of art, and in great wars the liquidation of civilization. His outlook on history was deeply affected by his observation of what was going on around him, and he was thus spared that uncritical adulation of the present and that naïve confidence in the inevitability of progress to which many nineteenth-century historians succumbed. "Our profound and utterly ridiculous self-seeking", he wrote, "first regards those times as happy which are in some way akin to our nature. Further, it considers such past forces and individuals as praiseworthy on whose work our present existence and relative welfare are based. Just as if the world and its history had existed merely for our sakes! For everyone regards all times as fulfilled in his own, and cannot see his own as one of many passing waves." Burckhardt had a great admiration for Tacitus, and he possessed something of Tacitus' gift for epigram. His pithy and sententious sayings often express historical wisdom and prophetic insight, though it is doubtful whether the very high claims made for this book by the editor and the publisher will be generally accepted.—R. L. SCHUYLER.

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The mounting volume of literature in the general field of the multiplier suggests one of those cumulative expansions of income the existence of which, in fact or fancy, has stimulated literary output by giving economists something interesting to write about. *International Trade and the National Income Multiplier* (Philadelphia, The Blakiston Company, 1943; xvi, 237 pp. $3.50) by Fritz Machlup is a recent and significant addition to the current cumulation in this branch of economic theory. Professor Machlup examines the possibilities of the foreign trade multiplier in a series of models and presents his results in a corresponding series of tables which show the multiplier effects in a given country (or countries) of increased exports, or diminished imports, under various assumptions concerning the relevant propensities to consume and to import, and with allowances in the multiplier itself for "induced foreign repercussions". Foreign repercussions are induced by the adverse effect of expanded exports at home upon income and expenditure abroad. The fall in foreign income means that our original increase in exports cannot be maintained. If the foreign marginal propensity to import is given (that is, if the proportion of any unit increase in foreign income which will be spent on imports is given), foreign expenditure on imports (our exports) will fall by a fixed percentage of each successive decline in foreign income. This adverse effect is cushioned somewhat by the fact that dis-saving occurs abroad as income falls, thereby slowing down the rate at which foreign income continues to fall, and incidentally reducing the foreign repercussions on our exports. By assuming provisionally that all saving is invested in the foreign balance, Machlup is able to express the additional leakage due to foreign repercussions as a fixed proportion of the original increase in the home country's income from exports (p. 78). The relevant formulae both for final equilibrium, through infinite time, and partial adjustment to (say) 90 per cent of the final effect are given; but the latter formulae are extremely complicated in the case of the foreign trade multiplier with foreign repercussions, and Machlup wisely decided that they should be "corralled in the appendix." In any case, the multiplier is applied period by period in the tables so that a given percentage of the final effect can be read in approximation from them. Policy implications, always of greatest general interest, are discussed in a final chapter the title of which, "Apologies and Confessions", reflects the author's diffidence in advancing them at all. "Parallel expansion", through appropriate domestic fiscal policy in every nation, would avoid the ultimate tragedy which follows the beggar-my-neighbor tactics of economic aggression, but the use of

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capital export through ("planned"?) foreign lending is the "most significant 'lesson' . . ." (p. 214). Machlup's positive proposals center on this "'imperialistic' interpretation of the theory of the multiplier" (p. 216). They seem at once to be unduly cautious and unduly optimistic, depending on whether the focus of attention is government (and private) spending on "domestic amelioration" (p. 217), or government (and private) lending to foreign countries. However, Machlup properly emphasizes the ill effects upon the world as a whole, and eventually upon its parts, of a general recourse to tariff competition aiming at full employment through the action of the foreign trade multiplier. With these animadversions on tariffs most economists will agree, whatever their views regarding the ideal international order which they might, in unguarded moments, propose as an alternative.—DONALD B. MARSH, Barnard College.

The Myth of Open Spaces, by W. D. Forsyth (Melbourne and London, Melbourne University Press in association with Oxford University Press, 1942; xvii, 226 pp. 17/6), is a scholarly and valuable treatise, packed with useful data, which nevertheless gives the impression of being an *ex parte* discussion. It is written by an Australian, and in a sense may be considered as a companion piece to the earlier volume *The World's Population Problems and a White Australia,* written by H. L. Wilkinson. Both volumes undertake to show why Australia should not be considered as the objective of large immigration movements in the future. Wilkinson treats the matter primarily from the point of view of international justice, and Forsyth more on the grounds of economic probability, but they both come out at the same point. As for the volume in hand, the main thesis may be summed up in the generalization that the trend of migration has been reversed in recent years, and that the flow is from the less crowded areas to the more crowded. If this is interpreted to mean simply that urban districts are growing much faster than rural, and that there is a steady flow from the country to the city, it is probably true and equally obvious. But what has this to do with international movements? It still remains true that, considered from the point of view of nations, the sparsely settled areas of the world offer great attractions to the depressed elements in the densely crowded areas. It is not quite imaginable, to this reviewer at least, that we may expect emigration movements from the United States, Brazil and Argentina—or Australia—to China, Japan and India. The author actually recognizes this point (p. 52), but practically dismisses it by saying that the high-standard countries have become "highly resis-

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ant" to penetration by foreign immigrants. The author's peculiar iability to ignore distinctions in different types of communities is nowhere better illustrated than by his statement (p. 64) that "high lensity of population is perfectly compatible with high standards of iving—and rising density with rising standards—as the history of London, the United States or Europe can demonstrate." In spite of these flaws, however, this book represents a valuable addition to he available material on population and migration, which are fields of such great contemporary importance that every scholarly addition s welcome.—HENRY PRATT FAIRCHILD, New York University.

Carl Kreider's *The Anglo-American Trade Agreement* (Princeton, Princeton University Press, London, Oxford University Press, 1943; ix, 270 pp. $3.50) competently analyzes the agreement's provisions and probable economic effects and British and American commercial policy leading up to it. His analysis may be briefly summed up as follows: The agreement substantially reduced duties and made a tremendously significant breach in the Ottawa preferences. However, neither country modified its protectionism enough for substantial stimulation, even if the war had not intervened, of more economic utilization of resources. Our trade-agreements organization was handicapped by its policy of avoiding injury to domestic industries and by lack of freedom to operate vigorously on the principle that our interest is served not only through reduction of other countries' trade barriers but through displacement here of ineffective by effective industries. In many instances our concessions were, through tariff reclassifications, largely limited to noncompetitive products. Also our agricultural export-subsidy policy tends to neutralize trade-agreement concessions. The British were handicapped both by protectionism and by involvement in a network of foreign bilateralistic arrangements. Kreider makes it clear that in the analysis above summed up he is measuring the actual agreement against an ideal agreement judged by conventional international trade theories. He fully recognizes the practical obstacles in both countries to negotiating such an ideal agreement, particularly the 50 per cent legal limitation on reduction of our duties, the retention of which after the war would, he says, probably prove disastrous to effective American action in dealing with international trade problems. He concludes that the agreement, with its substantial tariff reductions and broad trade-liberalizing provisions, "was a salutary development, for, however halting the pace, the United Kingdom and the United States were traveling *in the right direction* along a road obstructed

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with many political barricades." This conclusion, to this reviewer very fairly sums up the agreement's essential contribution: In addition to its very considerable practical benefit to the export trade and general economy of both countries, it helped to reverse Britain's trend toward bilateralistic, preferential agreements and gave our trade-agreements program increased potency as a policy of international trade coöperation. Kreider's item-by-item revelation of the extent of protectionism in Britain may alarm such readers as may expect post-war emergence of strong British export industries to enable her to take a prominent part in raising and maintaining the world's standard of living. Unless post-war Britain emphasizes protectionism less and channels her energies into efficient industries she will find it increasingly difficult to maintain her time-honored position in international trade. — Constant Southworth, Washington, D. C.

Charles Wilson's study, *Anglo-Dutch Commerce and Finance in the Eighteenth Century* (Cambridge, at the University Press, 1941; New York, The Macmillan Co., 1942; xx, 235 pp. $3.50), makes a wartime addition to the Cambridge Studies in Economic History. It is based upon the notarial records and the collections of commercial correspondence to be found in the Amsterdam archives, which provide "day to day registers of financial and speculative transactions" between England and Holland. Because the mass of material to be examined there was "large enough to occupy a whole team of investigators", Wilson, who worked alone, did not undertake a complete quantitative treatment but contented himself by working "from selected gobbets of material." In writing his volume, however, he sought to place the facts thus acquired in a wider setting. Part I gives a brief summary of Dutch commerce, taken mostly from Dutch secondary writers, and a more detailed description of Anglo-Dutch trade based primarily upon the Amsterdam sources. Part II, which occupies almost two thirds of the book, concerns itself with what is Wilson's main theme, the transition of Dutch activities from commerce to finance. So long as Wilson confined his labors to showing what the Amsterdam archives had to contribute to the subject, one can well sympathize with his desire to keep his investigations within workable limits. But when he draws general conclusions about Anglo-Dutch commercial and financial relations, a critic may complain of the inadequacy of his sources, particularly on the English side. The comments of English pamphleteers or annalists, like Daniel Defoe, Charles King and David Macpherson, are not suffi-

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ciently supplemented by references to the Calendars of Treasury Books or Papers and to the secondary literature in English. Use should also have been made of the ledgers of the English Inspector General of Imports and Exports which can be found in the Public Record office and which give full details annually not only of Anglo-Dutch trade but also of England's trade with the rest of the world. Greater care must have been shown in analyzing the statutes themselves before referring to the Navigation Acts. In brief, one should not accept Wilson's analyses or conclusions on all points as final. Yet one should recognize that Wilson's volume should be carefully considered by anyone who hopes to write a definitive work on Anglo-Dutch commercial and financial relations.—LAWRENCE A. HARPER, University of California.

John T. Whitaker's *We Cannot Escape History* (New York, The Macmillan Co., 1943; 374 pp. $2.75) is one of the better books in the ever-growing collection of journalists' "I-told-you-so's." Dealing largely with international affairs in the past decade, it devotes two chapters each to Germany, Italy, Spain, Great Britain, France and the Soviet Union, and one each to Japan and to a thoughtful challenge to American isolationists, past and future. Although there is nothing new in the volume, it does present a readable popular survey and interpretation of the leading men and events in the ten years that preceded the attack on Pearl Harbor. Throughout there is a warm and commendable love of freedom and democracy, and the lessons of numerous sins of omission and commission on the part of the three large western democracies are skillfully drawn. The whole endeavor is, indeed, a well-written plea for the reading and understanding of the lessons of the immediate past in order that the next peace settlement may be the prelude to a period of peace rather than of armistice. From the point of view of the historian, Mr. Whitaker has the unfortunate tendencies of trying to tell precisely what went on in the *mind* of this prominent person or that one and of referring to a whole series of individuals as "the-greatest-this-or-that-alive". In a number of instances his superlatives are open to serious question. Moreover, for a book which emphasizes the importance of history, it contains an unduly large number of historical errors. Thus, he calls Mr. de Valera "the Irish President" and refers to present Ireland as the Irish Free State. He gives the impression that the Radical Socialists rather than the Socialists were the largest group in the French Popular Front in 1936. He states that "most" of the villages in the Sudeten areas were "composed entirely of village idiots." One wonders how he knows that exactly

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82 per cent of the cargoes that reached Vichy France were "trans shipped directly to Germany" and one wonders whether he really believes his own serious quotation of an Italian pilot to the effec that except for the squadron leaders none of the Italian aviator who were sent to bomb Malta were able to "find their way home."—Walter Consuelo Langsam, Union College.

Kent Forster's *The Failures of Peace: The Search for a Negotiated Peace During the First World War* (Washington, American Council on Public Affairs, 1941; vi, 159 pp. Cloth $2.50; paper $2.00) is an interesting book but also an irritating one. It is interesting and very useful as a reference work on the several futile peace efforts that were put forth by one group and another between 1914 and the signing of the Armistice in November 1918. The reviewer knows of no other work that provides as convenient a summary and analysis of these proposals as the work under review. But for a number of reasons the book is irritating. Its tone is not so impartial as the thorough research upon which it is based deserves. Dr. Forster blames "certain personalities—not more than a score in number all told"—for the circumstance that no negotiated peace was reached between 1914 and 1918, and he cannot put aside his dislike of these personalities. In consequence he gives unfair characterizations of the persons in question—most of them British and French statesmen. To sustain his views he sometimes makes what seem, to this reviewer at any rate, unwarranted assumptions regarding the feelings and desires of the masses in the various countries. Another irritation arises from the numerous errors in the references, particularly those in German. Perhaps these are the product chiefly of careless proofreading, but they occur too often to inspire confidence in the author's meticulousness. There are scores of typographical errors in the text, the footnotes and the bibliography—as on page 153 where, out of six titles in German, four contain errors. And it is irritating, finally, that so valuable a reference book should be without an index. Presumably Dr. Forster would no longer maintain, as he did upon the completion of his book in 1941, that on this occasion as on the last a negotiated peace would be preferable to war *à outrance*.—Walter Consuelo Langsam, Union College.

The migration of peoples has always presented interesting problems throughout the course of history. The small volume, *The Japanese in South America* (New York, The John Day Company, 1943; x, 135 pp. $1.75), by J. F. Normano and Antonello Gerbi

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gives a preliminary survey of migration of members of this Oriental race to South America, particularly to Brazil and Peru. Mr. Normano prepared the brief sketch on Japanese migration to Latin America in general and the survey of the Japanese in Brazil which is based on his more extensive study of the subject. Mr. Gerbi, a resident of Peru, discusses the Japanese in Peru from the historical, demographical and economic viewpoints, including some account of trade relations between the two countries and the anti-Japanese restrictions of Peru. Numerous statistical tables are included, based largely on Japanese publications. These endeavor to show not only the migration to South America but its relation to the whole problem of Japanese migration. An outstanding feature in South America is the smallness of the number of immigrants. In Brazil the Japanese represented less than ½ of one per cent of the population and in Peru less than ⅓ of one per cent. The method of settlement has been generally in groups and no assimilation with the South Americans has occurred. Hence it appears that the importance of the impact of the compact group of aliens on the native situation is far greater than the mere numbers. It is observed that the presence of these Orientals raised numerous problems; and that at times there have been adverse attitudes on the part of the public, and restrictive measures in the form of anti-Japanese legislation have been taken, particularly in Peru. It is finally pointed out that much of the migration was either directly or indirectly subsidized by the Japanese government. This latter fact, especially in view of Pearl Harbor and the succeeding events, makes the matter one of critical significance in the development of the life of the nations of South America. —Roscoe R. Hill, Washington, D. C.

New Guinea has been much in the news during the current year and the end is not yet. Although Dr. Stephen W. Reed tells us, in *The Making of Modern New Guinea, with Special Reference to Culture Contact in the Mandated Territory* (published in coöperation with the Institute of Pacific Relations by the American Philosophical Society, Philadelphia, 1943; xix, 326 pp. $4.00), that the great island was sighted and named The Island of Gold by European adventurers within two decades after the discovery of America, New Guinea was virtually an unknown land for three centuries thereafter. Indeed, but for the discovery of gold and the coming of the Japanese to the territory, the island would have remained even now perhaps the least known area in the Southwest Pacific. The New Guinea of this book is not, however, the entire island. It bears reference to the

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territory of New Guinea as administered by the Commonwealth of Australia under mandate from the League of Nations. In other words, the book is concerned with the territory about Lae, Salamaua and Wewak, now under Japanese occupation, but not to the Papua and Port Moresby side, from which the Japanese-held points are being bombed. Nor does it have more than incidental reference to off-shore islands of the Bismarck Archipelago, such as New Britain, New Ireland, Bougainville, or to the Admiralty Islands, all of which are included in the Australian Mandated Territory of New Guinea. There is only passing reference to the Dutch half of the great island. Moreover, despite the fact that the volume contains an immense amount of general, factual material of great interest (including a particularly valuable note of twenty-four pages on Melanesian pidgin English), it remains primarily an account of a relatively small part of New Guinea as viewed through the eyes of a cultural anthropologist. Reed was in New Guinea from August 1936 until May 1937. One receives the impression that the civic contribution of the white man to the mandated territory has been none too praiseworthy, except by comparison with that of the Japanese who are currently in occupation of all of the territory covered by this volume. The fact is that the European (missionary, planter, trader, or government official) is a bird of passage whose principal interest appears to be one of escaping safely from a climate which makes Washington, D. C., in August take on the semblance of a summer resort. In short, the native culture is disappearing, and it is not being replaced by the steadying influence of Europeans who expect to remain in the territory: The Kanaka is losing his roots in New Guinea and the white man has no intention of striking his there. Administratively, the entire area was immature; neither the native nor the resident European had any considerable voice in the government of the territory. Post-war planners will find ample scope for their talents in New Guinea.—JOHN L. CHRISTIAN, Takoma Park, Maryland.

Mr. L. E. Hubbard's latest book, *Soviet Labour and Industry* (London, Macmillan and Company, Limited, New York, The Macmillan Co., 1942; xv, 315 pp. $3.25), like his three earlier volumes on Soviet finance, trade and agriculture, is an important contribution to an understanding of the U.S.S.R. An Englishman with no axe to grind, Mr. Hubbard has relied in his study on official Soviet sources, which he has submitted to a careful analysis, and on his personal observations of Russian conditions under both the imperial

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and the Soviet régimes. The author's familiarity with pre-revolutionary Russia and the Russian language (even though his interpretations of certain Russian terms strike the reviewer as somewhat peculiar) allow him to see the Soviet developments in their proper perspective and to avoid the many pitfalls which beset the path of students of Communist economics. Mr. Hubbard is detached, unemotional and objective. He is willing to give the Soviet government full credit for achievements supported by adequate evidence, but he rejects many claims of the Communists and their fellow travelers when these claims appear unwarranted or when, as is often the case, they are in contradiction of ascertainable facts. His compact and informative volume is well written and the discussion of even the most abstruse subjects is lit by occasional flashes of humor. As indicated by the title of the book, Mr. Hubbard deals chiefly with labor and industry but he injects suggestive digressions on other aspects of the Soviet experiment, such as finance, planning, the position of the Jews, and social changes. He examines in considerable detail Soviet labor legislation, trade unions, management, wages and the standards of living which he compares with those of British workers. Mr. Hubbard reaches the conclusion that "Soviet planning has not resulted in any novel discoveries; the whole of the Soviet economic system is founded on adaptations of capitalist methods." And taking issue with the rapidly growing army of admirers of planned economy he expresses the belief that "History . . . will rank the Bolshevik revolution as an episode in the life of the Russian people, not as an epoch-making world phenomenon." *Soviet Labour and Industry* was completed before Hitler's attack on Russia. "The war has narrowed the gap between the leaders and the masses", Mr. Hubbard adds in a Postscript written during the early stage of the Soviet-German conflict. "They have become dependent on each other to an extent undreamed of in peace and, it may be supposed, have acquired a greater measure of respect for each other. The Party no longer dominates the situation; its supremacy has been in various ways surrendered to the Army, which, though a very high proportion of the higher rank are Party members, does not tolerate political interference in its conduct of the war." Subsequent developments, so far as they can be gathered from information permitted to appear in the press, would seem to support Mr. Hubbard's assertion. He ends his book on the hopeful note that, as a result of the war, "some liberalising of the Soviet form of government may be expected."—MICHAEL T. FLORINSKY, Columbia University.

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In *The Berlin West African Conference, 1884-1885* (published for the Royal Empire Society by Longmans, Green and Co., London, New York, Toronto, 1942; x, 249 pp. $6.00) Mr. S. E. Crowe has made a fine contribution to diplomatic history in his clear portrayal of the controversy over West Africa in the middle eighties. He does not permit himself to become hypnotized by the details of this controversy, but gives a clear picture of the interrelationship of such issues as the dispute over Samoa and the Fiji Islands, the German penetration of New Guinea, and the vital question of Egypt. Bismarck's failure to appraise at its full significance the "French territorial appetite in Africa" led to the formation of the short-lived Franco-German entente which, we learn, was more the work of Baron de Courcel than of Jules Ferry. The German Chancellor was persuaded to give strong support to French policy in West Africa only to make the disconcerting discovery that, in reality, England and Germany had more in common. Leopold II emerges as the real winner at Berlin, while Bismarck's diplomacy is described as deceitful, based upon incomplete information, and motivated by a desire to build personal prestige at the expense of good relations with England. American readers will be interested to learn that the United States played into Leopold's hands through the American ambassador, John A. Kasson, who "appears to have been distinguished more by verbosity than by brains," together with Colonel Sanford and Henry M. Stanley, both of them henchmen of the astute King of the Belgians. The present reviewer must take issue with the statement that the results of the Conference "were as empty as Pandora's box" so far as international law is concerned. After all, the partition of Africa did not lead to war. The precedents established at Berlin explain in part this fortunate circumstance. The important Slave Trade Papers are used for the first time in this study. Like others, the author has been hampered by the lack of material pertinent to the Royal Niger Company, most of which was destroyed by order of Sir George Goldie. Important information could have been gleaned from A. J. Wauters, *Histoire politique du Congo belge*, and Harry Rudin, *Germans in the Cameroons*. There are some fifty references to H. E. Yarnall, *The Great Powers and the Congo Conference*, yet Mr. Crowe dismisses this study as "superficial in its treatment of the subject." This criticism should not distract attention from the fact that the author has dug deeply into the essential sources to produce a work of outstanding merit.—ARTHUR N. COOK, Temple University.

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What with Lionel Barrymore gracing the screen with a most debonair impersonation of "Old Thad" and men's minds turning once again to the problems of a post-war reconstruction on a much vaster scale than that which challenged the political ingenuity of Thaddeus Stevens, a new biography of this radical dictator is a timely offering. In *Old Thad Stevens: A Story of Ambition* (Madison, The University of Wisconsin Press, 1942; vii, 344 pp. $3.00), Professor Richard Nelson Current has made good use of all the available material on Stevens, including some new sources. Although he has presented nothing strikingly new about this sinister figure, he has sifted the chaff from the wheat and written a thorough and well-balanced account. The background and early political activities of Stevens are given full and interesting treatment. His zeal for the abolitionist cause, in contrast with some earlier explanations, is shown to have resulted in large part from his realization of the political advantage which would result from tying the waning Anti-Masonic movement to the new anti-slavery cause which in the middle 1830's seemed a more promising cause for political exploitation. The early development of his consummate skill as a political tactician is carefully traced to that day in 1865 when the congressional caucus "made a formal surrender of the Republican party to the guidance of Thad Stevens." The latter half of the volume deals with those tragic seven years between his rise to real national power, with the chairmanship of the most important standing committee of the House of Representatives, and his death in 1868. In these pages the author presents a convincing picture of mixed motives which include the deep-seated influence of early poverty and deformity, the conservative leanings of a property owner and ironmaster, the burning desire of a radical Republican "to secure perpetual ascendancy" for that party, and a growing hatred of "southern rebels". Thaddeus Stevens has always aroused opposition in many circles, and, though this biography is in the best sense friendly as well as frank, it can go no further in the way of creating a more favorable impression than the subject himself permits. The weaknesses and vices of Stevens are openly though not unfairly recorded. It is only in the matter of his economic motives, and his influence in the early wedding of the Republican Party to Big Business, that some may sense an overemphasis. "Equality of man before his Creator" he announced as the cornerstone of his social philosophy. Surely he was not alone in failing to see inconsistency between this ideal and the implications of the economic policies he supported.—ALLEN R. FOLEY, Dartmouth College.

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One of the curious legends in our history of reform in the late nineteenth century—the heydey of "Manchester liberalism" in America—depicts the municipal crusader as a crotchety individual who was wholly obsessed by panaceas which failed to touch essential issues. Mr. Richard Welling's robust autobiography, *As the Twig Is Bent* (New York, G. P. Putnam's Sons, 1942; xiv, 295 pp. $3.00), should help correct such an image of the reformer. His picturesque youth and family life, his enthusiastic chapters devoted to sports, music, friends and co-workers suggest anything but the "goo goo" of tradition. And overshadowing these amiable features of Mr. Welling's book is an impressive account of a life given over to public service. It amounts to an informal history of the movements with which he has been associated, and it reminds us how much we owe to the reforming zeal of such worthies as Theodore Roosevelt, Henry Bergh, E. L. Godkin, John Jay Chapman and Mr. Welling himself. Roosevelt excepted, of course, they never came close to the masses. As often as not, they were on the conservative side of great national issues. But it is difficult to think of America without civil service, without the numerous rules and regulations—all hardly won—which democratized municipal politics, without our societies and organizations established to further social service, good government, and generally decent living. Mr. Welling has served his country in many ways, but the National Self-Government Committee which he organized in 1904 is his personal monument. As an educational influence he takes high rank. To the Committee, and to his extraordinary energy, is due in large measure the fact that students in every section of the land today learn the rudiments of our governmental system from progressive teachers and principals, and through self-rule. In these days, when the need for wide comprehension of the democratic way is so very evident, Mr. Welling's achievement needs little emphasis. Still active at eighty-six, he can look back on causes and a career which receive the appreciation of his countrymen. — LOUIS FILLER, Washington, D. C.

"I have written this book in a pleasant missionary glow," says Ellen Hart Smith of her *Charles Carroll of Carrollton* (Cambridge, Harvard University Press, 1942; x, 340 pp. $3.75), and with the idea of presenting him "not as a Statesman or a Catholic or an Ancestor but as a person." Her missionary glow aids measurably in bringing to life this Revolutionary leader who was the outstanding Catholic in the British colonies and one of the richest men of his day. While enthusiastic in making known his patriotic services, his recti-

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tude, his abilities and many virtues, Miss Smith is not uncritical. She does not neglect or gloss over his tightfistedness in money matters, his politico-economic views, or that cold prudence which governed even his courtships and only infrequently was melted down by a refreshing display of Irish warmth. We have here a good summary account of his Irish Catholic ancestry, his education abroad, and the disadvantages under which one of his religion labored in the Catholic colony founded by Lord Baltimore. The Revolution broke down religious barriers and enabled Carroll to become "The First Citizen of Maryland", his state's most important Whig pamphleteer and legislative leader. As a congressman during the war, he loyally supported Washington, and was a member of the abortive diplomatic mission to Canada. Thereafter he was a die-hard Hamiltonian Federalist, who was shocked into extreme pessimism by Jefferson's election, and who remained ultra-conservative in his views from his retirement from politics in 1800 until his death in 1832. With deft and sure strokes Miss Smith gives an intimate picture of the man, of his deep affection for his irascible father and his exasperatingly cool relations with his wife and children ("he never wasted his famous tact on his family"); his scholarly tastes and his Catholicism (which was stanch and deep-rooted, even though Voltaire through the years was one of his favorite authors); his dignity and modesty when playing the strenuous rôle of The Grand Old Patriot, the last surviving Signer of the Declaration of '76. There is one omission, and a serious one: an adequate discussion of the business activities of this wealthy Maryland aristocrat. The author is not always deft and sure in painting the background. One wishes that she had more clearly distinguished between religious toleration and religious freedom, and, in general, had relied less upon such works as Hockett's American history textbook or Woodward's life of Washington. Nevertheless, she has mastered the published and unpublished Carroll material, and she has written a readable interpretative account of the man. It supplements rather than supersedes Kate Mason Rowland's detailed two-volume work of half a century ago, and it is easily the best short biography of Charles Carroll of Carrollton. — BERNARD MAYO, University of Virginia.

Mr. Richard Barry's spirited and enthusiastic biography of John Rutledge, *Mr. Rutledge of South Carolina* (New York, Duell, Sloan and Pearce, 1942; ix, 430 pp. $3.75), adds considerably to the stature of that eminent patriot without entirely convincing the reader that the great trial lawyer and consummate politician was a super-

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man. It is the author's contention that, along with Washington and Sam Adams, Rutledge was one of the "three indispensable men in the American Revolution." Rutledge is depicted as a dynamic leader who touched off the great military successes of the southern campaign when the Continental drive had begun to bog down, and as the master mind behind the scenes in the federal convention. In seeking to build a figure of heroic proportions, Barry has not spared himself, but has augmented very considerably the data regarding Rutledge, hitherto made available through Flanders, Ramsay, O'Neall, and others. The extreme paucity of Rutledge manuscripts has been supplemented by a study of the file-papers of the courts at Charleston—papers which have survived Clinton, Cornwallis and Sherman. The author has exhumed wills and deeds, checked genealogical lists, scanned the newspapers of the period, and interviewed survivors of a number of the old families. These indefatigable efforts have resulted in a useful section on the career of Rutledge at the South Carolina bar. Barry asserts, without evidence, that Rutledge's income from his legal practice "topped that of every other American Colonial" of that period. He does succeed in portraying a man who was probably more adept at pulling political strings in his colony than any of the other Founding Fathers. He contends, without proof, that Rutledge's memorial to the Lords caused George III to repeal the Stamp Act, although more cautious historians are likely to give greater weight to the effect of the clamor of the British merchants. Barry minimizes John Adams' share in outlining state governments in the Continental Congress and gives the chief credit to his hero. In the opinion of the author, Rutledge had a touch of military genius which he displayed in the southern campaigns. He dismisses Moultrie as "an essential witness of events whose significance he never grasped", and hails Rutledge as the key military figure in opposition to Clinton. "Boil down the history of the whole period and refine it and to the top comes one ultimate question: Who won the Revolutionary War, the Continental Army or the technique organized and pointed by JR?" Rutledge left no papers.—RICHARD B. MORRIS, The College of the City of New York.

The interrelationship between private organizations and the administration may well be called the focus of the constitutional system in a society of so marked an "associational character" as is ours. Avery Leiserson's richly documented study, *Administrative Regulation: A Study in Representation of Interests* (Chicago, The Univer-

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sity of Chicago Press, 1942; xiii, 292 pp. $3.00), is centered on eliciting "to what extent the endowment of economic groups with administrative responsibilities offers an effective means of solving economic conflicts" (p. 3). The author depicts the principal provinces of private organizations, justly emphasizing the absence of effective consumer organization. A threefold classification of possible representation of interests emerges from his treatment of "interest representation in procedure" and "interest representation on boards": (1) advisory committees, (2) interest representation on administrative boards, and (3) functional separation between group self-government and supervisory administrative bodies. The author's view of the first two forms of the relationship between private interests and administration will hardly meet with objections. His treatment of this problem would have been improved, however, if he had made a separate study of boards which, as representatives of the public at large, have to deal with one set of customers only, and such boards as are virtually arbiters between two contending interests. The most important phenomenon, which in many countries steadily gains precedence over other institutional devices, is the private self-administration of groups which operates with powers delegated by public authorities and is more or less loosely supervised by state bureaucracies. In discussing shifting court attitudes toward the problem of delegation of power to private groups, Leiserson foresees "a functional differentiation between public and private organizations, a differentiation in which individual liberties are frankly regulated by standards of the common good that are acceptable to opposing groups" (p. 261). Yet, this development, as Leiserson realizes, implies a "minimal conception of individual freedom" (p. 283). But while thus justifiedly pointing out the fate of those unrepresented, he prematurely assumes that intergroup equality can be promoted by the use of the governmental machine. This "harmonistic" tendency of Leiserson's springs from his leaning toward interpreting administration as too much of an entity—notwithstanding some observations to the contrary. Leiserson inclines to think in terms of "functional differentiation" and in consequence perceives less of that pluralistic reality in which private and public bureaucracies together form a bloc against other combinations of interests as well as against their customers—the public at large.—OTTO KIRCHHEIMER, Institute of Social Research, New York City.

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The juxtaposition of law and education in *The Law and Public Education* (Chicago, The Foundation Press, 1941; xxv, 579 pp. $4.75), by Robert Rolla Hamilton and Paul R. Mort, is influenced by the fact that one of the authors is a professor of law and the other a nationally known educator. The purpose is to place education in its relation to the legal and political structure, and to show the extent to which courts, legislatures and administrative officers influence and are influenced by what is called the "conceptual design of education", i. e., the purposes and desirable ends of education. In the light of this conceptual design, the authors seek to set up the elements of a desirable "structural pattern" or legal structure in which education may function most effectively. This approach to educational law is wider than that of the legal craftsmen whose frame of reference is mainly the needs of legal practice. The authors find that, while in some sectors of educational structure and operation court action is highly concentrated, there are other areas which, because of the nature of the controversies or because of failure to litigate, are in no way benefited by the steady hand of judicial guidance. The authors would encourage the study of legal devices that would extend the scope of court action, particularly in the area of central-local school relationships. Generally, it is said, the courts have been a stabilizing influence, particularly where "they have worked their way through the conflict between personal rights and educational structure patterns." In other areas, the courts "need more help in understanding the conceptual design of education to serve as a supplement to legal theory." The main concern of the authors is with local school initiative and adaptability. They see, in the growth of detailed mandatory legislation and overzealous central standard setting, a major defect in the legal structural pattern which unless corrected will seriously retard local adaptability to new needs. Hence they would legalize a large degree of home rule in the constitutional provisions, or, as an alternative, set up a legislative code of self-restraint. To propose that the objective of local freedom be attained through a legislative code of non-interference would create a procedure that contradicts the legal pattern of state-local relations. Nevertheless it is justified by the authors as having "a splendid history of precedent in actual practice." Written primarily for educators, this book represents the first successful effort to relate structure to function and to show the rôle of the judicial process in accelerating or retarding educational improvement. — ALEXANDER BRODY, St. John's University, Brooklyn, N. Y.

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